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HINTS

ON

**WAGES, THE CORN LAWS,
HIGH AND LOW PRICES, PAPER-MONEY,
AND
BANKING.**

LONDON:
GILBERT & RIVINGTON, PRINTERS,
ST. JOHN'S SQUARE.

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HINTS
ON
WAGES, THE CORN LAWS,
HIGH AND LOW PRICES, PAPER-MONEY,
AND
BANKING:

ARISING FROM A CONSIDERATION OF
THREE LECTURES
ON THE
COST OF OBTAINING MONEY, AND ON SOME EFFECTS OF PRIVATE
AND GOVERNMENT PAPER-MONEY, DELIVERED BEFORE
THE UNIVERSITY OF OXFORD,

BY
NASSAU WILLIAM SENIOR, A.M.
LATE FELLOW OF MAGDALEN COLLEGE, PROFESSOR OF POLITICAL ECONOMY.

BY A BRITISH MERCHANT.

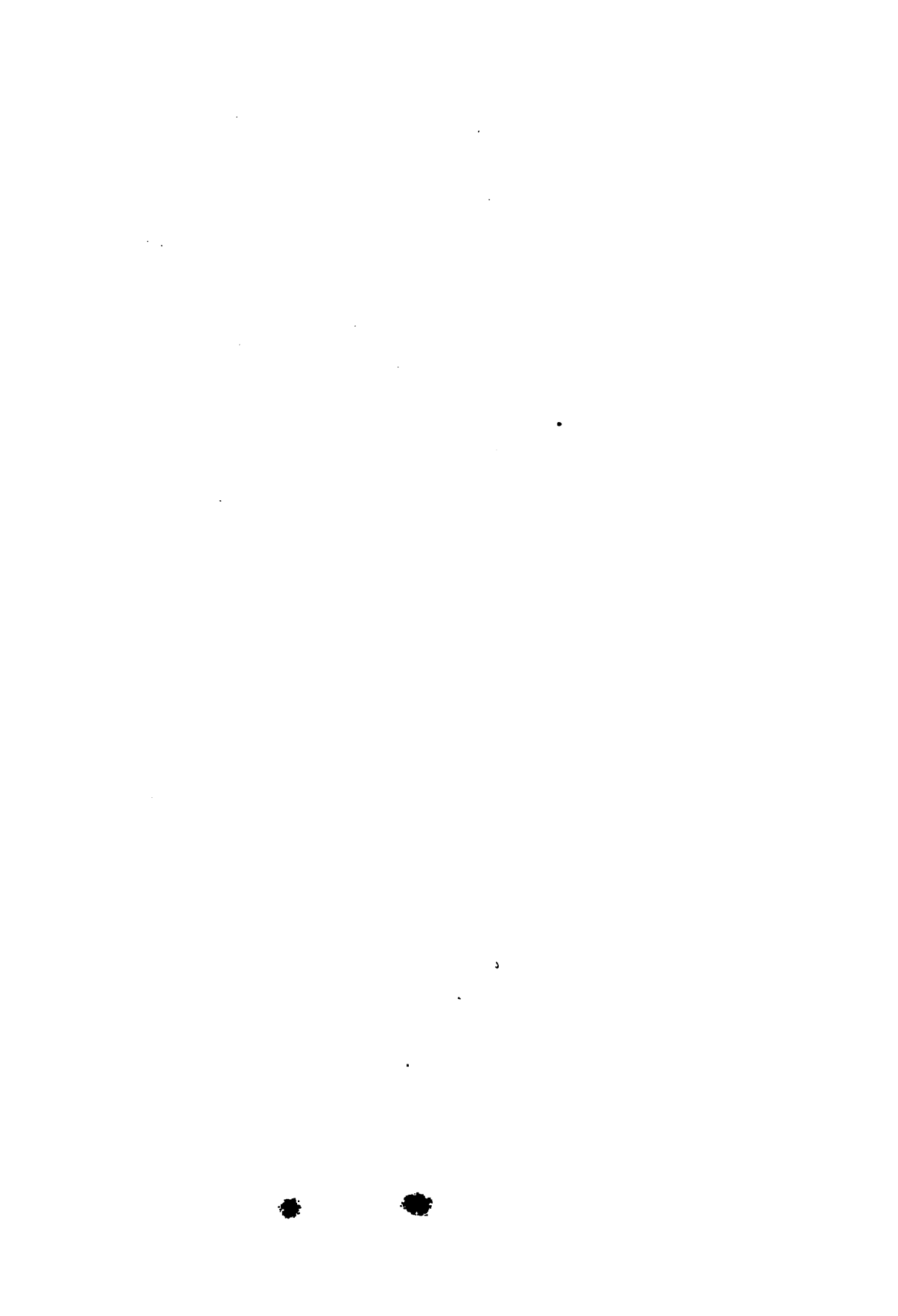
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LONDON:
WHITTAKER, TREACHER, & CO.
AVE-MARIA-LANE.

1832.

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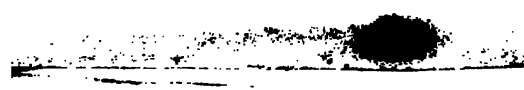




TO THE PUBLIC.

I HAVE felt, to my cost, the truth of that which most mercantile men have said for some years past—that no previous experience could guide them aright in their operations ; that the best information and the best plans formed upon supply and expected demand, were set at nought.

I had been led to form my own opinion upon the causes of these untoward results ; and I bought Mr. Senior's pamphlet in the hope of confirming the views which I had adopted, but I found it directly opposed to them. I then read Mr. Mill's



Elements, a valuable work, but I could not find in it any confirmation of my opinions ; and I afterwards procured Mr. Tooke's work on high and low prices, useful as a book of reference, yet still I found it diametrically contrary, in many respects, to the conclusions I had arrived at.

I therefore, for my own information and guidance, sat down to see how my opinions would appear on paper, as opposed to Mr. Senior's ; and, subsequently, as I proceeded, with a view to their publication. Thus, from the investigation and reflection necessary for this end, I may be said to have, in a great measure, formed my own plans of treating the subject under discussion upon what I consider the faults of my adversary in argument ; I will not say enemy, in the words of the motto I have taken, for that feeling I hope I have not.

Of the three works as a subject for criticism, I have not particularly selected Mr. Senior's as the one that contains the most objectionable doctrines, or that admits of the readiest answer ; but because Mr. Senior enters most fully into the discussion of the principles that regulate the wages of labour, upon the correct understanding of which must depend, besides the question of Poor Laws, a right view also of the propriety and the policy of our Corn Laws, and of high or low prices. Whilst, at the same time, a review of his strictures on Paper Money enables me to throw, perhaps, some new light on the past commercial history of our country, and on its present unfortunate situation, resulting from the currency bill of 1819.

It will be seen that it was written many months ago ; since which recent additions have been made to it. I make no

pretensions to that neatness of style, which distinguishes Mr. Senior's work. Mine is drawn into too great a length to please myself, and with repetitions in it, from having been written in many parts with a view to their separate publication, which circumstances have prevented ; but it is now given—not as a regular treatise, at present, only in the shape of general hints—as a *plain practical illustration, in part, of important national questions*, yet sufficient to lead to their being better understood,

By your well-wisher in all sincerity,

A MERCHANT.

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PART I.

ON WAGES.



1

1

No. 1. Total Exports at their official value.

2. Exports of Foreign and Colonial Produce at their official value.

3. Exports of British Produce and Manufactures at their official value

4. Proportionate yearly increase or decrease of the same Exports, No of the year 1799, taken at 1000.

Year.	No. 1.	No. 2.	No. 3.	No. 4.	No. 5.	No. 6.	No. 7.
	£.	£.	£.		£.		£.
1799	31,556,637	9,271,696	22,284,941	1000	35,903,850	1000	—
1800	34,381,617	11,549,681	22,831,936	1025	36,929,007	1029	28,257,781
1801	34,838,574	10,336,966	24,501,608	1099	39,730,659	1107	30,435,268
1802	37,873,324	12,677,431	25,195,893	1131	45,102,330	1256	28,308,373
1803	28,075,239	8,032,643	20,042,596	899	36,127,787	1006	25,104,541
1804	31,071,108	8,938,741	22,132,367	993	37,135,746	1034	26,454,281
1805	30,550,491	7,643,120	22,907,371	1028	37,234,396	1037	27,334,020
1806	32,984,101	7,717,555	25,266,546	1134	39,746,581	1107	25,554,478
1807	30,588,084	7,624,312	22,963,772	1030	36,394,443	1014	25,326,845
1808	29,956,629	5,776,775	24,179,854	1081	36,306,385	1011	25,660,953
1809	45,667,216	12,750,358	32,916,858	1477	46,049,777	1283	30,170,292
1810	42,656,843	9,357,435	33,299,408	1494	47,000,926	1309	37,613,294
1811	27,831,252	6,117,720	21,723,532	975	30,850,618	859	25,240,904
1812	37,980,977	9,533,065	28,447,912	1277	39,334,526	1096	24,923,922
1813*							
1814	52,358,398	19,157,818	33,200,580	1490	43,447,373	1210	32,620,771
1815	57,420,437	15,708,435	41,712,002	1872	49,653,245	1383	31,822,053
1816	48,216,186	13,441,665	34,774,521	1560	40,328,940	1123	26,374,921
1817	49,504,738	10,269,271	39,235,467	1761	40,349,235	1124	29,910,502
1818	52,796,355	10,835,800	41,960,555	1883	45,180,250	1258	35,845,340
1819	42,862,927	9,879,236	32,983,689	1480	34,252,251	954	29,681,640
1820	48,345,319	10,525,026	37,820,293	1697	35,569,077	991	31,515,222
1821	50,796,771	10,602,090	40,194,681	1804	35,823,127	998	29,769,122
1822	52,770,416	9,211,928	43,558,488	1955	36,176,897	1008	29,432,370
1823	51,735,035	8,588,996	43,146,039	1936	34,589,410	963	34,591,262
1824	58,218,548	10,188,596	48,029,952	2155	37,600,021	1047	36,056,527
1825	55,608,327	9,155,305	46,453,022	2084	38,077,330	1061	42,660,510
1826	50,399,357	10,066,503	40,332,854	1810	30,847,528	859	36,174,280
1827	61,085,445	9,806,343	51,279,102	2301	36,394,817	1011	43,48,539
1828	61,948,383	9,928,655	52,019,728	2334	36,150,379	1007	43,5,541
1839	66,072,164	10,606,441	55,465,723	2489	35,212,873	981	42,497

N.B. The Irish exports and imports are not included

* Records burnt in the Custom-house.

CHAPTER I.

On Mr. Senior's statement of the various theories, that have been proposed by others, to account for the difference in the wages of labour, in silver, in different countries at the same period ; and upon his remarks thereon.

MR. SENIOR's first lecture is "on the cost of obtaining money," and his argument opens thus :—

"The average annual wages of labour in Hindostan are from one pound to two pounds troy of silver a year. In England they are from nine pounds to fifteen pounds troy. In Upper Canada and the United States of America they are from twelve pounds troy to twenty pounds. Within the same time the American labourer obtains twelve times, and the English labourer nine times as much silver as the Hindoo. The difference in the cost of obtaining silver, or, in other words, in the wages of labour in silver, in different countries at the same period, has attracted attention, though not so much perhaps as it

“deserves, and various theories have been proposed to account for it.”

Mr. Senior then gives the heads of these theories, with his own remarks thereon, as I shall detail them in order to comment upon them; and afterwards he gives a theory of his own, as the general rule for this difference in the wages of labour; but which appears as inconclusive, as the strange inductions he draws from it are unsupported by reason or facts.

I must first observe, that any general rule as affecting nations, large communities of people, or individuals, can only be applicable to them in cases where they are similarly circumstanced. I can find, politically considered, little in the situation or circumstances of these three nations common to each other, but, on the contrary, a vast difference between them; and in that difference lies the main cause of the difference in the wages of labour. It will be found that, in every nation, the quantum of wages received by the labourer is according to the amount of the produce of its soil; and his money wages, the equivalent for such quantum, is according to the sale price of that produce on the spot.

I find in Hindostan, that, on the average, from an acre of land giving two or three crops in one year of rice, cotton, and pulse, the whole gross produce will not, on the spot, exchange for more silver than is equal to forty shillings. That an acre of land sown with indigo seed will give, in bundles of cut plant brought to the factory of the Englishman, only so much as will produce to the cultivator from fifteen to eighteen shillings per acre. There are from eight to nine hundred thousand acres in cultivation in India, to produce the indigo crops there have been of late years ; but the native farmer, besides being furnished with seed, gets an advance of twelve to fifteen shillings an acre without interest, assisting him in the payment of his revenue for his other lands, and forming his inducement to cultivate indigo ; while, to raise other crops, he must borrow capital at the native interest of eighteen to thirty per cent. per annum ; or, if he gets an advance in seed, he must repay one maund of seed at the harvest by two of the produce.

Sugar plantations give a gross produce that will exchange, on the spot, for a much larger

quantity of silver than any other crop, except mulberry trees for rearing silkworms ; but only a part of the land in Hindostan is suitable for their growth, and of such as is well adapted for sugar-canes, not above one-tenth part is planted with them for want of the necessary capital.

This gross produce from the acre of land in Hindostan, exchanged into silver on the spot, is far short of what is obtained either from the land in England or in North America. With superior skill in husbandry, and with better implements, there is little question that the Englishman gets from the acre of his land as great, if not a greater produce, and which, moreover, exchanges, on the spot, for a larger quantity of silver, than the North American obtains from his better soil in a more genial, yet still more uncertain climate. But in North America, where there is still unappropriated land to be had at little cost, and profit to be made in the clearing and cultivation of it, a labourer there, if he works on account of the capitalist, will stipulate for that proportion of the gross produce per acre, or its exchangeable

value on the spot in silver, which is equivalent to the advantage he can derive by clearing land for himself. If I am rightly informed, the cost of uncultivated land in America is one-fourth of the whole sum expended in clearing it; and the new canals in the United States, and increasing steam navigation, are not only the cause of more distant lands being brought into cultivation, giving a constant demand for labour; but they also afford a means of finding a market for the produce of these new lands, therefore a higher exchangeable value on the spot in silver, and, consequently, high money wages.

Again, in North America there is little taken from the cultivator, out of the gross produce of the soil, for the exigencies of the State and Church; and very much in England. In Hindostan there is a heavy land-tax compared with the value in silver, *at present*, obtained on the spot for the produce of the soil.

These differences in the circumstances of the three separate nations premised; and, in illustration of the views I take of the subject, I now proceed to comment on the observations of Mr. Senior upon the various theories pro-

pounded by others, and also on his own theory, to account for this difference in the wages of labour.

Mr. Senior first states, " It has been attributed to the different degrees of labour requisite to obtain the necessaries of the labourer. In Hindostan, it has been said, he requires little clothing or fuel, and subsists on rice, of which he obtains a sufficient quantity with little exertion. But how then do we account for his wages in North America being twenty-five per cent. higher than they are in England, while the labour requisite to obtain necessaries is not much more than half as great in the former country as in the latter? How do we account for the low amount of wages in silver in China, where the labour necessary to obtain necessaries is proverbially great."

Upon this I observe, that if the work of a servant in Calcutta be taken as a criterion of labour, it is not great. The natives of Hindostan have a proverb among themselves, that the Englishman makes money, and the Bengalee spends it; and some of the better informed of them in part exemplify this, in the

number of servants forced upon an European for each domestic duty, on the score of caste; the Englishman's vanity giving way to the native cunning; while a servant in the interior performs much more work than another will do in the capital. But, as regards powers of exertion, in what other country will you get a groom, who, instead of being mounted behind you, will run four or five miles out, and the same back, by your horse's side? Or a groom that will run the like distance alongside your buggy, under a burning sun, holding on by the shaft to increase his speed to yours; and this for a small yearly pittance? Have the Company's native army ever been behind the British troops, either in personal prowess or perseverance, where British officers would lead them? And in agricultural employments, I question much if there be any difference in the actual labour of the Hindoo for his small pittance, though with less weight of muscle he performs less heavy work, and that of an English labourer, North American, or even a Chinese; but much difference in the proper direction of that labour

to a profitable end. In England more than twenty-five per cent. is taken from the source that affords the labourer wages, for the exigencies of the State and Church, and, consequently, his wages are lower than in North America. Of China we know little or nothing, and that which is stated is doubtful.

Mr. Senior next states, " It has been attributed to the different densities of population. In Hindostan and in Ireland, it has been said, labourers multiply so rapidly, that the market is overstocked with labour, and the price falls from the increased supply. But if this were an universal rule, as the population of England has doubled in the last seventy or eighty years, wages ought to have fallen, whereas they have doubled or trebled in that interval. They have kept on increasing in North America, during a still greater increase of population. They are, perhaps, twice as high in Holland as in Sweden, though the population of Holland is ten times as dense as that of Sweden."

The population increases most rapidly in a country where the land is not wholly appro-

priated and cultivated, where the competition for labour is consequently great, and free, and where the value of the produce of an acre of the soil, in silver, is great, the labourer getting his full share of it, without deductions for the necessities of the State, as in North America. The population seems also to increase fast in countries, where the diet of the inhabitants, and the necessities to which they have been accustomed, are such as can be procured easily, and at little cost, though their money wages be small ; as in Hindostan and China, their principal food being rice, and in Ireland potatoes and oaten bread.

Here I would observe, that a crop raised with little advance of capital is one of uncertain growth. It is not unusual for the price of rice in Hindostan to be at a rupee a maund, and in six months, the next crop having failed, to rise to three rupees ; hence one cause of the high native price of the interest of money ; and this too may, perhaps, be one cause of the high rate of interest in China amongst the natives. The difference between a fine and a bad crop here of wheat, oats, or barley, has

been said to be one fourth, but this seldom happens; and the difference between a moderate and an average crop of these grains, cannot exceed a tenth; or else our imports, compared with our consumption, must have been greater. The difference between a great and a bad crop of potatoes or rice is nearer a half; hence comparative ease and great distress. But good crops are more frequent than bad ones, and the Irish and Hindoo population increases fast¹. To remedy this occasional

¹ The old accounts of the population of Ireland are of doubtful authority. Captain South stated it in 1695 at only 1,034,102 persons, and in 1712 the population is given by Thomas Dobbs at 2,099,094. By the returns of the tax collectors in 1754 the population was 2,372,634; and by the census of 1821, it amounted to 6,801,827 persons. The population of England and Wales in 1710 was 5,240,000. In 1750 it amounted to 6,467,000 persons; while the census of 1821 gives 12,287,663 as the population of England and Wales, including the army and navy; still, with every allowance for doubtful records, the population in Ireland has increased in a much greater ratio than in England. It is said, that of late years, much difficulty has been found in getting the farmers in several districts of India to cultivate indigo, from their finding more profit in supplying the wants of an increasing population there.


distress in Ireland by giving them poor laws, as has been proposed, would be to afford temporary relief by entailing on that people a positive evil. I can recollect when the fare of the poorer class in Scotland was very hard. It has since changed, and their condition been much improved by the introduction of increased manufactures, *but still much more so* by the improvements in agriculture. The same change is taking place in Ireland; and that country is improving, and will fast continue to improve¹, unless a hindrance is put to it by giving them poor laws.

¹ The imports from Ireland into Great Britain in the ten years ending December 1800, were, on the average, annually of wheat and wheat flour 13,214 quarters, and of oats and oatmeal 330,054 quarters. In the five years ending 1824, they were, on the average, annually of wheat and flour 438,788 quarters, and of oats and oatmeal 995,079 quarters. The quantities in the last two years published, are still greater: viz.

	Wheat qrs.	Wheat flour cwts.	Oats qrs.	Oatmeal cwts.
In 1828	474,994	621,569	1,805,336	424,749
1829	340,084	626,248	1,417,729	402,127

In England the produce of the soil, and its price in silver, have increased in a greater

I do not know the principle upon which, in the Parliamentary Returns, the cwts. are turned into quarters; but I see it stated that we imported in 1829 from Ireland, 2,307,817 quarters of grain of all sorts, including wheat, flour, oatmeal, and malt. Since the Union, Ireland has astonishingly increased in the produce of its soil, the true riches of a nation; and the improvements in its agriculture are particularly shewn in the increased production of wheat. Now that capital has begun to flow into Ireland, it will increase in a greater ratio of prosperity, unless that arch enemy of his country, as he has become, Mr. O'Connell, should succeed in throwing the apple of discord amongst his countrymen. Such is the insatiable nature of the human mind, that not content with having his name enrolled with a people's gratitude, in one of the brightest pages of their history, Mr. O'Connell, another Buonaparte, unsatisfied with having attained all he could wish, and more than he could well expect, would carry his aims beyond his powers; and will, I doubt not, justly fall, alike the unregretted victim of his own reckless daring; unless, indeed, the good sense of Ireland should at once put a stop to his boundless ambition, as I sincerely hope it will. To shew the increase in the prosperity and wealth of Scotland, that alike followed the introduction there of the improvements in agriculture, I state two facts. Of a farm of



ratio than has the population; and consequently, the money wages of those employed in cultivating it. I further reply that the produce, in silver, of an acre of land in Holland, is much greater than in Sweden, and the soil

about 300 Scotch acres, let on a lease of two nineteen years, determinable at the expiration of the first nineteen at the option of the tenant, and at the rent of barely 300*l.*, the landlord bought the remaining thirteen years of the second period for 11,000*l.*, and immediately relet the farm for 1500*l.* a year. Again, a short time previous to the first granting the lease mentioned, the fee-simple of a farm about two miles distant from the other, at the bottom of Strathmore, was offered in the market, and found no purchaser at 800*l.*; and about the period at which the remainder of the first lease was bought, the fee simple of this other farm was for the first time sold for 7,000*l.*, and those prices, without the properties having any local advantages beyond those of a good soil, and a good neighbouring shipping port. When this farm was first offered for sale at 800*l.*, the farmers there did not think their land could raise wheat, and now it is a large exporting district. These are prices that could not be obtained now, but that, in a great measure, is caused by the unfortunate line of internal policy our legislature has adopted since the peace, as I shall hereafter attempt to shew.

in Holland more cultivated compared with its population than in Sweden, before Carl Jean's reign.

There is in my mind no question, that the density of population affects the wages of labour in silver in different countries, and that the money price of labour is, in part, regulated by the quantity of it forced on the market, compared with the demand,—the same as is the price of any manufactured article, whatever be its cost, or as is the case with regard to agricultural labour here in winter, and during the harvest time. And, moreover, in England our poor laws *materially affect* the price of wages; for a North American may choose his location, going freely where his labour is most in demand and best paid; but in England our poor laws prevent the labourer from going beyond the place of his acquired settlement to seek for better employment, unless he can immediately support himself and his family. Hence, though there is more fair competition for labour in manufacturing towns, yet an English farmer has it in his

power to stipulate with his labourers for extremely low money wages, driving them to the poor rate to make up their living; the farmer thus fancying he avoids the payment of the one-third nearly of these poor rates, that is levied on dwelling houses and manorial rights—yet losing sight, that three-fifths of what he fancies he saves comes again upon him for the expenses of litigation, and other charges, in consequence of the plan of driving the labourers to the overseers of the poor for relief.

If this be doubted, I would refer to the last parliamentary return of the collection for poor rates in England and Wales, to the 5th March, 1829, and it will appear, that in the thirty-nine counties and three ridings of Yorkshire, the sums raised, divided upon the population according to the last census taken, will give the ratio of poor rates thus expressed—viz. Sussex 1 and 125 decimals, Buckingham 1.074, Essex 1.061, Bedford 1.013, Suffolk .972 decimals, Oxford .969, Huntingdon .924, Northampton .896, Norfolk .879, and Kent .873. These are the ten largest ratios, and may be all

considered of agricultural counties. The following ten are the lowest ratios, all of mining or manufacturing counties, viz. Lancashire .332 decimals, Cumberland .352, York (West Riding) .360, Northumberland .391, Stafford .394, Derby .411, Nottingham .418, Cornwall .424, Chester .430, and Salop .440. Thus Sussex pays, according to its population, double the average ratio in poor rates of all England and Wales together, and 230 per cent. more than Lancashire pays according to its population. It may be said that the value of buildings in the manufacturing counties reduces the rates, but the amount levied upon them, as it appears in the parliamentary returns, does not in any way sanction such an opinion.

Thus, not only in different nations, but in different parts of the United Kingdom, are the labourers in easier circumstances than in others, from a greater demand for labour compared with the surrounding population, and its being better paid, or from a difference in the cost of the food to which they have been accustomed; and of this our poor laws deny the English-

man the privilege of availing himself, besides destroying the competition for labour where he is fixed by his settlement; while an Irishman or a Scotchman may go where he pleases in quest of employment, there being no authorities answerable for the expences of their removal, and the parishes where they are found not choosing to take that charge upon themselves. It is therefore a serious question whether the poor laws in England are a blessing, and a relief to the labourers,—or a curse upon them,—as tending to deny them a fair competition for employment, and that share of their productive labour, a fair subsistence, to which they are justly entitled,—and rendering them more like slaves of the soil than freemen.

Again Mr. Senior states, “ It has been attributed to the different pressure of taxation : but taxation is nowhere so light as in America, where wages are highest. It is, probably, heavier in Hindostan than in England, yet wages are nine or ten times as high in England as in Hindostan. So that it might seem that wages are highest where

“taxation is lowest ; but, on the other hand,
“taxation is lighter in France than in England,
“yet wages are lower ; and lighter in Ireland
“than in France, yet wages are lower still. It
“appears therefore, that there is no necessary
“connection between taxation and wages.”

Upon this I observe, that in France the value, in silver, of the produce of the soil, deducting from it the proportion taken for the exigencies of the state, is less per acre than in England with the like deduction, and according to my views money wages are lower in France. From the small encouragement given for many years to agriculture in Ireland, owing to the distracted state of the country, and, perhaps, apprehended risk of employing capital there, notwithstanding which it has improved ; still the value in silver of the produce of an acre of land there, after deducting the taxation, may be less than in France ; and after allowance made for a denser population, money wages would be still lower in Ireland.

If a landed proprietor with an income of 600*l.* a year from his estate, gives away and squanders 4000*l.*, and grants a mortgage at five

per cent. to raise the money, his land yielding the same rental, still his income is only two-thirds of what it was; and this is nearly the case of Great Britain. "The amount of the income of Great Britain at the Revolution has been commonly reputed at 43 millions. Mr. Arthur Young in his work on political arithmetic, published in 1776, computed the national income at 100 millions. Mr. Lowe states in his work on the state of England that the taxable income of it amounted in 1793 to 125 millions, and in 1806 to 170 millions; but of late the general income of Great Britain has been stated at 300 millions." So states Sir Henry Parnell in his pamphlet. The amount of the income of Great Britain on which the income tax was charged in 1815 was 152 millions, and allowing 100 millions more for short charges and income not chargeable, the whole income would then have been 252 millions, exclusive of Ireland, the utmost amount I should think it ever was; and the whole taxation then raised out of it was thirty per cent., or nearly one-third. It has been lately stated in Parlia-

ment by a high authority, that the taxation being reduced one-third, in the same proportion the currency has been improved, we are now in the same situation as we were with our greatest paper circulation and highest taxation. The country feels it otherwise, and it is a part of my subsequent argument to shew in what consists the error of His Grace's statement. I have now, however, further to observe that, besides the present taxation, including the land tax, the landed interests have to allow one-tenth of the gross produce of the soil for tithes, and to pay two-thirds of the poor rates.

Taxation, and these other direct charges on the produce of the soil, have the same effect upon wages, as if so much less was produced ; there being the sum of these less to divide between the landlord, the farmer, and his labourers. Consequently there is a strong connection between taxation and wages ; and unfortunately the poor laws, fixing him to the spot, destroy the poor labourer's fair competition for his full share of the produce, and the burthen of taxation falls heavily on him.

Mr. Senior further states, " It has been

“ attributed to the different rates of profit.
“ The average rate of profit in England is
“ supposed to be one-tenth or about eleven per
“ cent. per annum. In Hindostan and America
“ it is higher. We will suppose it to be one-
“ sixth, or twenty per cent., which is probably
“ far too high an estimate. This difference
“ would account for the labourer, whose wages
“ have been advanced for the year, receiving
“ nine-tenths of the value of what he produces
“ in England, and only five-sixths in America
“ and Hindostan, or rather it is only a different
“ expression of the same fact ; but it does not
“ afford even a plausible solution of the pre-
“ sent question.”

The rate of interest or profit on money lent was much the same in America as England, until the last few years. The rate of profit on capital employed in trade and manufactures in England may have been, on the average, one-tenth ; and I do not consider it is greater in America. There is then the profit to be derived from the cultivation of the soil, and that I apprehend was, and still is, greater in Great Britain than in North America. A

farmer in Great Britain rented ground, laid out capital in its improvement, and availing himself of the discoveries which an increasing knowledge in chemistry had laid open for its better cultivation, with superior implements for his work and saving of time and labour, he calculated to obtain, during the course of his lease, from an increased production, a full return of his capital, and a fair remuneration besides for his risk and labours.

The landlord too received his profit in the superior state of cultivation and productiveness into which his land was brought, yielding him a higher rent upon a new lease. This was the source of increased money wages, and increased wealth of the country, our export trade being only accessory to it, that enabled us to carry on an expensive war with comparative ease. The causes of our decline from this state of ease will come more conveniently under consideration in a future part of my argument.

Upon what sound principle Mr. Senior makes out that the English labourer receives nine-tenths of what he produces, and the North American only five-sixths, I am at a loss to

find out : it is contrary to facts. For, if the amount, in silver, of the produce of the soil cultivated be the criterion of the value of land, and the source of profit, and of money wages of those employed upon it, that is greater in England than in North America. But in England we have consented to give one-tenth of our gross produce to the Church, we have mortgaged another part in the shape of taxes for the far greater necessary expenses of our government, and the payment of its annuitants, and after payment of the capitalist's share, little, compared with what there is in North America, comes to the English labourer's share. In North America, the clearing new lands gives a constant demand for any surplus labourers ; and—the value at which the surplus of any thing is held, fixing the price of all that is at market,—the capital employed in clearing lands being three-fourths labour, and one-fourth money, the American labourer receives the larger share of the produce, and the capitalist the lesser, thus fixing high money wages for all labour in America ; for otherwise the rate of profit or interest on money lent,

and for which there has been a constant demand for these new cultivations, would have been much greater in America than in England, —which it has not been.

In Hindostan the rate of interest or profit on money lent, in the interior, is far greater than in England, or in North America, arising from the greatly increased produce of the soil, with money laid out in its improvement ; and from other causes, not necessary to be detailed.

I may, however, here stop to remark, for it is not quite out of place at the present moment, that while other governments have been zealously encouraging their subjects to avail themselves of the improvements in machinery and chemistry, as applicable to husbandry, for the increase of the produce of their soils, and consequent increase of their national wealth, India has stood still, or nearly so, in its agriculture, for forty years, under the management of the East India Company with their charter ;—so states, most distinctly, in substance, the Bengal Agricultural Report recently published in India, and sent here.

And for what end has it stood still? To enable the Company to carry on a few monopolies, that have been productive of little good but to their servants, their commercial agents, in good round commissions. They have now three; two absolutely, one virtually so. The latter,—a monopoly in silk, to afford to England about 7000 bales yearly at the highest cost at which it can be produced in India. The others,—a monopoly in opium—the forced cultivation of an article which would in a great measure cease, whenever British capital is allowed to be freely employed to better purpose on the soil; now sold to be sent to demoralize, still further, a nation already low in the scale of civilization, in direct contravention of its fiscal regulations, and whose character it is rather our interest to improve:—and a monopoly in salt,—an essential condiment for the food of that people, whose interests and wants the Company are rather bound to attend to with a fostering care; a monopoly that has been justly styled, not a fair subject of trade, but rather an improper exercise of power.

I will not now state that this monopoly of salt has more than once almost raised insurrection ; but that I think it is more calculated to produce it, than can be the free colonization of India by Europeans, against which, it is understood, the Company have been so strongly exerting themselves.

The East India Company have strangely mistaken their own interests, the interests of India, and the interests of England. I apprehend their true interest, and for the benefit of all, is to give up trading—to abolish their internal custom-houses, and all the restrictions on internal trade, *a serious grievance*,—getting rid of a heavy charge in civil servants—to encourage colonization in India¹, that British capital,

¹ If the word colonization be taken in its most extended sense, my meaning may be misunderstood. I only wish that British subjects should be allowed to hold land in India, and to assist with capital, and by their skill direct the labour of the natives for the increase in the produce of its soil. To suppose that India can be colonized with British labourers is absurd : and I only use the word colonization, that no arbitrary veto may be granted in the

skill, and industry might be employed in the improvement of its soil and trade,—to have the whole traders of India and of England, as their constituents, liberally encouraged ; and, besides their landed revenues, in the collection of moderate export and import dues at the shipping ports, as does the American government, to obtain an income much beyond what they can get from trading and monopolies ; and which, ultimately, might go far to pay the expenses of their government.

Mr. Senior gives still another theory, stating, “ It has been attributed to the different prices, “ in silver, of necessaries. Provisions, it is said, “ are dearer, that is, exchange for more silver “ in England than in France ; therefore, the “ labourer must receive more silver to enable “ him to purchase them. But provisions are “ cheaper in America than in England, and “ yet the labourer receives much less silver in “ England than in America. But in all cases

next charter, as in the present, against any individual going to settle in India, who has the means of doing so. That expense must deter those who have not full means from embarking in so distant an undertaking.

“ the productiveness of the worst soil cultivated, the period for which capital is advanced, and the rate of profit being given, it is clear that the average price of corn must depend on the average wages, in silver, of labour, not the wages of labour on the price of corn. To suppose the contrary, is, in fact, the vulgar error of putting the cart before the horse, or mistaking the effect for the cause.”

This may be very clear ; but to me it appears merely to assert, that the price of corn being formed of four sums, and there being three given, the sum of the fourth makes up the price. It does not in any way prove what gives the amount of this fourth sum, and leaves the question still unsolved. Mr. Senior's statement may be an allowed axiom by political economists ; yet, I confess, I am so dull, and so uninitiated, that I cannot see how he can get on with his cart so yoked.

With wages, paid by the year, for labour employed by the farmer promiscuously over his land as occasion may require, it would puzzle any one to shew, how such a sum of

the wages thus paid, or by the week even, could be so apportioned, as to make the price of wheat invariably nearly double that of barley, and three times as much as the price of oats. The longer period for which capital is advanced, the somewhat increased quantity of labour, and greater cost of seed and manure, with the better quality of land required, and less average bushels produced than of barley, or oats, may in some degree cause the higher price of wheat. Yet with the same quantity of labour bestowed on both spring crops, how can it be accounted for that the price of barley is always nearly 50 per cent. more than of oats, upon the principle of the prices of corn depending upon the wages in silver of labour.

The price of a manufactured article, not of taste or fancy requiring skill, and composed of capital employed in the purchase of the raw material, and labour for its manufacture, as coarse cotton goods for instance, may be said to depend upon the cost of the wages in silver of labour.

But if we are to go to first principles, man absolutely requires only necessary food, raiment, and lodging, with instruction in his duty

to his God and to his fellow-creatures ; beyond this all is fancy, taste, or habit, most powerful incentives to human action ; and all lost sight of in these theories.

Still Mr. Senior, in an argument on the poor laws, seems previously to have indirectly admitted so much. He states, “ Does the “ Manchester manufacturer pay his fine spin-
“ ners thirty shillings a week, and his coarse
“ spinners fifteen shillings, because the fine
“ spinner eats twice as much as the coarse
“ spinner ? He pays the fine spinner thirty
“ shillings, because the produce of his labour is
“ worth thirty shillings, and a further sum
“ equal to the average profit obtained by a
“ manufacturing capitalist, and because if he
“ were to offer less, other capitalists would
“ engage his labourers, and his machinery
“ would stand idle. While the labourer’s
“ wages are worth thirty shillings, he will
“ receive thirty shillings, whatever be the price
“ of corn.” Thus it would appear, in practical effect, that it is the demand for the manufactured article of taste that regulates the price of wages, and not the cost of wages in silver that regulates the price of the article produced ;

yet this is only on things of taste and fancy, the constant exception, to a certain extent in favour of particular skill, from the general rule that regulates the wages of labour in silver.

And does not, in like manner, the price of wheat, *in part*, depend on the demand for it from those who have been accustomed to consider it as an absolute requisite, and are able and willing to give more for it;—as do the wealthier for the finer cotton goods than for the coarse, though both equally serve the essential purpose of clothing? and is it not the greater demand for barley, for making beer and spirits, that causes the higher price of it than oats, and not the cost of labour in cultivating each? The high price of wheat cannot wholly be attributed to its superior nutritive properties; for where could you see a more laborious, active, or healthier race than the Scotch peasantry, when they lived upon oatmeal and a little milk, three times a day, from one year's end to another; or, than the Irish, who live chiefly on potatoes when they can get enough of them¹.

The chief error appears to be in applying

¹ By the last census of 1821, there were in Ireland 349

the like principles and theories to the produce of any manufactory, and to the produce of the soil. A manufacturer with capital employed in the purchase of a given quantity of raw material, and labour to manufacture it, will produce one article. He may purchase a better raw material, and employing more labour upon it, get a higher price for it than for an inferior one. Or he may invent new machinery to supersede labour.

Yet still he gets only one uniform quantity from a given proportion of the raw material. But capital employed upon the soil of the nation gives not only a better *quality* of produce, but an increased *quantity*; and further leaves that soil, unless unfairly worked, in a better state for reproduction than it was before. Hence, with the improvements in agriculture, the source of the wealth of the country.

A manufactured article is made, used, and gone; so fares it also with the produce of the

persons of the age of 100 years and upwards out of a population of 6,801,827 souls; and only 291 in Great Britain out of a population of 14,391,631, if such returns be correct.

soil. There remain the manufactories and their machinery, perishable in their nature—the soil of the country, imperishable, and its mines—valuable according to their powers of production, the only true riches of the nation.

The source of wages in North America has been adverted to ; and I have only further to observe, that in other countries the quantity of necessities or superfluities that the labourer receives is in relative proportion to the produce of their soils, according to their fertility, or to the skill and industry properly applied in cultivating them ; except when the state takes a portion of the produce for its exigencies. This is one thing—another is the exchangeable value in silver of the necessities of labourers in different countries, which proceeds from quite a different cause, and it will be more conveniently considered hereafter. My present object is only to shew the errors in Mr. Senior's theory, and in his remarks on those of others.

CHAPTER II.

On Mr. Senior's own theory to account for the difference in the wages of labour in silver, in different countries at the same period.

HAVING remarked on the theories that have been proposed by others, to account for the difference in the wages of labour, in silver, in different countries at the same period, Mr. Senior gives his own as follows :—

“ The only mode by which I can account
“ for the different phenomena which I have
“ been describing is, by supposing that the
“ countries which have the precious metals to
“ dispose of, either as producers, or as having
“ a temporary superfluity at their own current
“ rate of prices, are willing to give more than
“ one-fourth more for the exportable commodities produced by the labour of one North

“ American in a year, assisted by an advance
“ of capital equal in value to his wages for a
“ given period, than for the commodities pro-
“ duced by the labour of one Englishman, and
“ more than ten times as much as for the com-
“ modities produced by the labour of one Hin-
“ doo, similarly circumstanced. Or, in other
“ words, that the diligence and skill with which
“ English labour is applied, enables the English
“ labourer to produce in a year exportable com-
“ modities equal in value to those produced in
“ a year by eight Hindoos ; and that the dili-
“ gence and skill with which North American
“ labour is applied, inferior perhaps as they are
“ to our own, yet by the assistance of the fer-
“ tile soil which he cultivates, enable the North
“ American labourer to produce exportable
“ commodities, more than one-fourth more
“ valuable than those produced by the Eng-
“ lishman in a given period, and more than ten
“ times more valuable than those produced by
“ the Hindoo ; or, to use a still more concise
“ expression, that labour in England is eight
“ times as productive of exportable commo-
“ dities as in Hindostan, and labour in North

“ America is one-fourth more productive of
“ exportable commodities than in England.

“ It is probable that the connection between
“ the value, in the precious metals, of labour,
“ or, in other words, money wages, and the
“ cost of importing the precious metals, may
“ not appear so clear to many of my hearers
“ as it does to myself.

“ But I would ask those to whom it is not
“ evident, whether England and France, and
“ the other countries that use plate and money,
“ without possessing mines, must not annually
“ import a certain quantity of the precious
“ metals to supply the annual wear of plate
“ and money? Whether they must not ob-
“ tain this supply directly or indirectly from
“ the countries possessing mines? Whether
“ the average profits of the capitalists who
“ employ labourers to produce the commodities,
“ in return for which this supply is obtained,
“ must not be the same as the average profits
“ of other capitalists in the same country?
“ Whether the gold and silver which these
“ capitalists import are not by them sent to
“ the mint to be coined for their own benefit,

“ or exchanged for gold and silver previously
“ coined ? Whether the money thus obtained,
“ after deducting what may be payable as rent,
“ is not divided into two portions, one of which
“ is retained by the capitalist as profit, and the
“ other given to their labourers, as wages ? Whe-
“ ther their labourers are likely to receive more
“ or less than any other labourers in the same
“ country undergoing equal toils ? Whether,
“ therefore, the wages obtained by the la-
“ bourers, in return for whose labour the pre-
“ cious metals are imported, do not regulate
“ the wages of all other labourers in the same
“ country ? and whether the price, or, in other
“ words, the value in gold and silver of all
“ those commodities which are not the sub-
“ jects of monopoly, does not depend, in a
“ country not possessing mines, on the gold
“ and silver which can be obtained, by export-
“ ing the result of a given quantity of labour,
“ the current rate of profit, and, in each indi-
“ vidual case, the amount of the wages which
“ have been paid, and the time for which they
“ have been advanced ?

“ In fact, the portableness of the precious

“ metals, and the universality of the demand
“ for them, render the whole commercial world
“ one country, in which bullion is the money,
“ and the inhabitants of each nation form a
“ distinct class of labourers. We know that
“ in the small market of every district the
“ remuneration paid to the producer is in
“ proportion to the value produced. And,
“ consequently, that if one man can by supe-
“ rior diligence, or superior skill, or by the
“ assistance of a large capital, or by deferring
“ for a longer time his remuneration, or by any
“ advantage natural or acquired, occasion a
“ more valuable product, he will receive a higher
“ reward. It is thus that a lawyer is better
“ paid than a watchmaker, a watchmaker than
“ a weaver, a first-rate than an ordinary work-
“ man. And for the same reason, in the general
“ market of the world an Englishman is better
“ paid than a Frenchman, a Frenchman than a
“ Pole, and a Pole than a Hindoo ¹.

¹ It seems strange that Mr. Senior should not have stated, “ and for the same reason in the general market of the world,” *an American* is better paid than an English-

“ It has been shewn in the former lectures,
“ that in the mining countries all prices ultimately depend on the cost of producing the
“ precious metals ; that though the remuneration paid to the miner is not identical with
“ that received by other producers, yet that it
“ affords the scale by which the remuneration
“ of all other producers is calculated. A fall
“ in the cost of producing silver must raise the
“ wages of the miner. If those of the agriculturalist were not to rise in proportion, the
“ miner’s wages would be more than in proportion to his sacrifices, and they would be
“ reduced by the consequent competition. And,
“ on the other hand, mining would be abandoned, if, when the cost of producing silver
“ was increased, the wages in other employments could be stationary. The mine worked
“ by England is the general market of the
“ world : the miners are those who produce
“ those commodities by the exportation of

man, an Englishman than a Frenchman, and so on, for that was wanted, in the climax, to complete his reasoning.

“ which the precious metals are obtained, and
“ the amount of the precious metals, which,
“ by a given exertion of labour, and advance
“ of capital, they can obtain, must afford the
“ scale by which the remuneration of all other
“ producers is calculated.

“ If this reasoning be correct, and I have
“ in vain sought for a flaw in it, many important
“ consequences must be admitted.

“ In the first place it follows, that the
“ amount of the income in money of each
“ individual depends on the prosperity of our
“ foreign commerce. If the worst land that
“ can be profitably cultivated in England will
“ produce per acre, at an average, two quarters
“ of corn a year, after deducting what must
“ be reserved for seed, the proprietor of an
“ estate of one hundred acres, producing at an
“ average four quarters of corn per acre, is
“ entitled to two hundred quarters as his rent.
“ The value in money of those two hundred
“ quarters must be the same as that of the two
“ hundred quarters which the farmer retains
“ and divides between himself and his labourers.

“ The value of these two hundred quarters
“ must be equal to the wages of the labourers
“ after deducting the farmer’s profit for having
“ paid those wages in advance. And those
“ wages, though not precisely the same as the
“ wages of the labourers who produce com-
“ modities for exportation, must bear a certain
“ proportion to those wages. If the toils under-
“ gone by the manufacturer are supposed to be
“ more severe by one-third than those of the
“ agriculturalist, the agricultural labourer will
“ at an average receive just two-thirds of the
“ wages of the manufacturer. If the foreign
“ demand for English manufactures be such as
“ to occasion the manufacturer to receive 15*s.*
“ or about three ounces of silver a week, the
“ agriculturalist will receive 10*s.* or about two
“ ounces of silver a week. We will sup-
“ pose that the farmer in question employs
“ ten labourers, whose wages are advanced for
“ a year before the produce is sold, and that
“ the average rate of profit is one-tenth, or
“ about eleven per cent. per annum. When
“ wages are 10*s.* a week, or 26*l.* a year
“ per labourer, the wages of ten labourers

“ amount to 260%. a year, making, with the
“ addition of one-tenth for profits, 286%,
“ which must be the average price of the
“ two hundred quarters annually retained
“ by the farmer to pay his profit and his
“ labourers’ wages. And as the landlord’s two
“ hundred quarters sell for the same price, his
“ rent must be also 286%. a year. But if
“ any improvement in the skill by which
“ English labour is assisted, should so raise
“ the value in the foreign market of English
“ manufactures as to raise the wages of manu-
“ facturers from 15s. to 30s. per week, the
“ same effect would be produced as if, in a
“ mining country, the cost of producing silver
“ were diminished by one half. Though the
“ labour of the agricultural labourer would not
“ become more productive than before, yet his
“ wages would also be doubled, or the former
“ proportion founded on the experience of the
“ comparative disadvantages of each occupa-
“ tion would not be preserved. The wages of
“ the labourers employed in raising the two
“ hundred quarters of corn retained by the
“ farmer and his labourers, would rise from

“ 260*l.* to 520*l.* a year: the profit on the
“ advance of these wages for a year, must rise
“ from 26*l.* to 52*l.*, the price of the two
“ hundred quarters would be 572*l.* instead of
“ 286*l.*; and the price of the landlord’s two
“ hundred quarters would of course also rise
“ from 286*l.* to 572*l.*

“ In the purchase of English labour, and
“ of those English commodities in which no
“ improvement had taken place, the English
“ landlord would find his income unaltered,
“ however raised in nominal amount. But his
“ power of purchasing those English commo-
“ dities, the production of which had been
“ facilitated, would be increased in proportion
“ to that improvement. In the purchase of
“ foreign labour, and foreign commodities, his
“ income would be doubled. He would be
“ able to purchase statues, pictures, and wines,
“ which the proprietor of an equal extent of
“ equally fertile land in the countries produc-
“ ing those commodities could not aspire to.
“ He would be able to travel as a *Milord*
“ *Anglais*, and drive the French and Italian
“ aristocracy from the first floor to the garret,

“ or to the entresol. Little imagining that
“ the greater part of the value of what he
“ called his patrimony was, in fact, the creation
“ of the chimneys and jennies of his neigh-
“ bour, the manufacturer. Such in fact, were
“ the events which actually occurred in this
“ country during the latter part of the eigh-
“ teenth and beginning of the nineteenth cen-
“ tury. The inventions of Arkwright and Watt,
“ by making English labour ten times, or more
“ than ten times as efficient in the production
“ of exportable commodities, doubled, or more
“ than doubled, its value in the foreign market,
“ and reduced one-half or less than one-half,
“ the cost in England of obtaining the precious
“ metals. It is true that clinging to the re-
“ strictions and prohibitions of our commercial
“ code, we have, as yet, refused the greater
“ part of the advantages which providence
“ seemed to press on our acceptance ;” (mean-
ing our corn laws as the chief amongst these
restrictions, and stating distinctly so after-
wards,) “ but cramped as they are, and always
“ have been, by our perverse legislation, the
“ skill of our manufacturers has, during the

“ last sixty years, more than doubled the rent
“ of land, and income of every class of pro-
“ ducers.”

This is a much longer extract than I could have wished to have made ; but by abridging it I could not have done justice to Mr. Senior's own theory, and his views upon it ; and I have been desirous, in giving them at such great length, that they might fairly appear with the answer to them.

Unsatisfactory as Mr. Senior may deem the theories of others, in accounting for the difference in the wages of labour in silver, still more inconclusive, surely, must his own be thought, and equally so the deductions he makes from it, when coolly considered by the test of experience and facts, apart from that seeming expression of candour and straight-forward confidence which he has brought to bear on his subject,—and that asks belief in the correctness of the questions he puts, while, at first, it begets accordance with the answers *he himself* gives to them. And not only inconclusive, but as far as his talents, and the public situation he holds are calculated to give autho-

urity to Mr. Senior's opinions, as they seem to do from Mr. Huskisson's evidently using them in his speech, must I consider them injurious; while they tend to circulate as a truth, and the discovery of science, that the source of the wealth of the nation is its export trade, and that the landed interests are quite a subordinate consideration; and I must consider them still more injurious, when there is grafted on these opinions, as is the fashion of the day, the theories of low prices to increase these exports.

Of Mr. Senior's reasoning, I cannot with him say, "I have in vain sought for a flaw in it;" but with my plain understanding I cannot see one part in it which will hold water; obviously, because it is founded solely upon the inventions of a lively imagination.

Before, however, I point out these flaws, I wish to observe, that, with the question of rent, calculated on the comparative productiveness of land,—and which is liable to several limitations, even in the way Mr. Senior puts it—I have nothing to do here; yet I must notice, that the forming of statements on the

relative proportions of rent and wages, which have no foundation in practical experience—merely for the purpose of raising an argument upon them, so founded, that glides in with the flow of imagination—is peculiarly inconvenient. Taxation, tithes, poor and county rates,—though Mr. Senior does not admit their having any effect on money wages—are equally deductions from the surplus production after rent paid by the farmer, as are the labourer's wages, and should have been noticed. And I cannot help, too, remarking on Mr. Senior's extreme bad taste, in the levity of thought with which he vaunts the Englishman's superiority over the Frenchman or the Italian—in advantages resting solely on his own belief of his own incorrect theory—and quite at variance with the more laudable good feeling, becoming now prevalent throughout Europe.

That “labour in North America is one-fourth more productive of exportable commodities than in England,” is a mere assertion, and altogether unsupported by any one fact, or argument, to give it weight. Had Mr. Senior merely considered the cause of the

constant demand for labour in North America, he would at once have seen the reason why the labourer there receives a larger proportion of what he produces, than in other countries. Or, if he had stated that the exports of North America, chiefly the produce of its soil, and—with the advantages derived from profit on capital, and from labour thereon employed—leaving that soil improved, and capable of still further production, were more beneficial to that country, than can be to England the export of the like exchangeable value in silver of our manufactures, he would have been nearer the truth.

Nor is Mr. Senior more fortunate in the second assumption he makes, as the groundwork of his theory, “ That the wages obtained “ by the labourers, in return for whose labours “ the precious metals are imported, regulate “ the wages of all other labourers in the same “ country.” Had he deigned to answer himself one or two of the questions he puts,—to state the amount of gold and silver we import—to state what proportion they bore to our exports, or other imports—and what portion

of them is required to supply the annual wear of plate, or for our manufactories—he would not have come to the conclusion he has done. I am aware of the difficulty he must have had in doing so, from the imports and exports of gold and silver not being recorded at the custom-house, *as they ought to be*. I therefore refer to the Parliamentary Papers of the session 1825, the only ones I have got bearing on the question, and see that the weight of gold and silver that passed through the bullion office in the eleven years, 1814 to 1824, was equal, in our currency, to 58,726,000*l.* of which there was, in the same period, exported 34,963,000*l.* leaving in the country 23,763,000*l.* I see, further, that nearly all the silver imported, was again exported, leaving, of gold, in the country, 22,588,000*l.*; which, no doubt, was chiefly taken to supply our present metallic currency, if not wholly so. The gold we import is nearly all taken to the bullion office, and the greater part of the silver also. The quantity of both imported, beyond what is taken to the bullion office, cannot amount to one-fifth in value of what is brought there;

and, therefore, with reference to the duty paid on plate, I infer, that what we require to supply new plate, the wear of the old, and of money, or to be used in our manufactories, the old plate being remelted, cannot amount to a million sterling.

Of British produce and manufactures, at their declared or real value, we exported in these eleven years, and, at an average, annually, 39,360,000*l*. Does Mr. Senior mean to assert, “that the wages obtained by the labourers, in return for whose labour this one million was imported, to supply the wear of “plate and money” one thirty-ninth part, regulate the wages of all the producers of the other thirty-eight thirty-ninth parts? or, if we allow the whole five millions that annually passed through the bullion-office, and the million that did not, to bear on the question, does, even then, Mr. Senior assert, that the wages of the labourers, in return for whose labours these six millions have been annually imported, (not a sixth part of our exports!) regulate the money wages of the producers of the other five-sixths; and not only so, but the

wages of all the producers of our still greater home wants, more than double our exports; and regulate, besides, the wages of all the agricultural labourers? or, as Mr. Senior expresses it, *regulate the wages of all other labourers in the same country*. The idea is too preposterous to be entertained for a moment.

We do not export to get gold or silver, but chiefly to obtain raw materials for reproduction, and to obtain necessities and luxuries we do not produce at home; thereby to give excitement to the labour of other countries, that they may be enabled to take from us a greater share of the produce of ours in exchange.

Upon these two statements, however, Mr. Senior asserts, "It follows, that the amount of
" the income, in money, of each individual,
" depends on the prosperity of our foreign
" commerce." And, "If any improvement in
" the skill by which English labour is assisted
" should so raise the value in the foreign
" market of English manufactures, so as to
" raise the wages of the manufacturers from
" 15s. to 30s. a week, the same effect would
" be produced as if, in a mining country,

“ the cost of producing silver were diminished “ one half.” And he concludes, “ Such, *in fact*, were the events which actually occurred in this country during the latter “ part of the eighteenth and beginning of the “ nineteenth century, by the inventions of “ Arkwright and Watt.”

Now is that a fact? I unhesitatingly say not, and can prove it.

I take the official value of the exports of 1824, because it is the last of the series of years of which I have been enabled to get the imports of bullion, and I find they were of British produce and manufactures 48,029,952*l.*; while, in 1814, the first of that series, they were 33,200,580*l.*, an increase in quantity of $44\frac{3}{4}$ per cent. in the eleven years. But the declared or real value was, in 1814, 43,447,732*l.*, and, in 1824, 37,600,021*l.* Now, according to Mr. Senior's views, this greatly increased quantity of export in 1824, the official value being as to quantity, ought to have been so much the more beneficial to the manufacturing capitalist, and to his labourers, in increased profit and money wages. But it was so to neither.

It was not so beneficial to the manufacturer, because the capital which exported forty-three millions in 1814, caused greater competition in exporting thirty-seven millions in 1824, and consequently less profit. To the labourer it was not so beneficial, notwithstanding the increased demand there might have been expected for his labour; and why? because the population had increased; and though there had been many "improvements in the skill by "which English labour is assisted," and which unquestionably tend to increase the labourer's share of the produce¹, still the value of the

¹ It is lamentable that a set of miscreants, taking advantage of the present distressing situation of the agricultural labourers, should be permitted to inflame their minds and lead them into acts of insubordination and destruction of property. Were there a free competition for agricultural employment, which, most unfortunately, there is not, it would be easy to shew that threshing machines, or any improvement that may tend to decrease the cost of raising the produce of the soil, or fitting it for market, must tend to increase the labourer's wages; inasmuch as it enables the farmer to give them a larger share of the produce of the soil, or its equivalent in silver, as wages; whilst the destruction of property by burnings, even if paid by a

produce of our soil in silver had fallen, and, in consequence, the sum of his money wages; and, moreover, these were still further reduced, by the competition of the manufacturing capitalists for the good employment of their capital. The combination of the many poor for higher wages can never prevail against the more easy coalition of the wealthier few, their masters, unless public opinion go with them in their distress; or, if the masters do give way to the stipulations of the labourers, it is only when an increased demand for goods, after a long turn out, enables them to give higher wages with profit to themselves.

Thus the average wages in 1808 for weaving twelve yards six-fourths cambric were 6*s.* 6*d.*, and the average price of wheat was 79*s.*—in 1810 they were 10*s.*, and the price of wheat 106*s.* 2*d.*—in 1815 the twelve yards cost in

county rate, yet ultimately comes upon the farmer, in diminishing his means of paying his labourers, and in the end bears the hardest upon them. In Scotland the field labourers prefer having threshing machines to assist them in their work.

weaving 6*s.* 6*d.*, and the price of wheat averaged 64*s.* 4*d.*—and in 1824 they cost 4*s.*, and the average price of wheat was 51*s.* 9*d.* per quarter, and was still lower the year previous. The money wages of manufacturing labourers appear gradually to rise and fall with the prices of wheat, but not invariably so ; for instance, in 1812 the average price of wheat was 125*s.* 5*d.*, and in 1813 it was 108*s.* 9*d.*, and the cost of weaving the twelve yards averaged respectively 8*s.* and 7*s.* Then Buonaparte's prohibitory decrees having, in part, stopped the export demand for cotton goods, the prices fell, and the manufacturing labourer did not get money wages equivalent to the advanced prices of wheat. Here I may remark, that Mr. Huskisson, in his late printed speech, states the years of 1812 and 1816 as those of the greatest distress. They were so to the manufacturing labourers, and also, in the eye of a minister, from the excited state of public feeling, owing to the conflicts of these labourers with their masters to get their rights at these periods, wages equivalent to the great advance in the price of their necessities in the latter part of

both these years ; but to the agricultural and other great interests they were otherwise from the advancing price of corn. And thus it is that though the manufacturing labourer gets higher wages than the husbandman for his skill and greater number of hours' labour, still the wages of the latter are more steady ; but both are mainly regulated by the same affecting cause.

The wages of weaving are a convenient way of clearly exemplifying my ideas on the subject ; yet I am aware it is only one branch of manufactures, only one proof, and one also subject to objection ; for they vary in different parts of the country, and each district considers its own as the average. I therefore compiled from abstracts of Parliamentary Papers the Appendix No. I. exhibiting a statement of our export and import trade from 1799 to this time ; but I found, that in consequence of "improvements in the skill by which English "labour is assisted," and other causes, the cost of goods was almost yearly so much diminished, that a comparison of the official value, the quantity, with the declared value,

the actual cost, could not be conveniently and distinctly carried on for my purpose during so long a period. I then made the Appendix No. II. of these separate values of the export of British produce and manufactures, dividing them in four series of seven years each, in order to compare them with the prices of wheat. The usual mode of making the yearly averages of the price of corn from January to January is a very inconvenient one, inasmuch as it includes the prices resulting from two crops, often a good and a bad one ; taken from July to July would give better the result of each crop, and would have been a better criterion for my purpose. But, that not being obtainable without great labour and research in magazines, I have been obliged to take the averages of the two prices on the 1st July, 1798, and 1st January, 1799, as the average price of wheat that regulated the wages for the manufacture of the goods exported in 1799 ; and, in like manner, I have calculated the price of wheat each succeeding year.

I thus assume, that the goods exported in the first six months of 1799 were manufac-

tured in the previous six months; or if not, that, at least, they were, for the most part, valued for exportation at the prices of goods then made; and I have also considered the value of the exports of the last six months of 1799 as measured by the cost of wages in the first six months. Still it appears to me, on a review of this Appendix No. II. that the declared values of our exports do not immediately increase with the advance in the price of wheat, though they ultimately do; and from which I infer one of two things,—either that it is some time after the advance in the price of wheat, and of course of their necessities, that the labourers are enabled to get a corresponding increase in their money wages—or else, that the goods exported are in great part the produce of labour paid for more than six months previous to their being shipped. And I am the more inclined to the latter opinion, as the declared value of our exports seem, sometimes, not to fall immediately in proportion to the decline in the prices of wheat; but they fall more quickly than they rise.

With so much premised, on reference to the statement in the Appendix No. II. it will be seen, that of British produce and manufactures, the quantity exported in 1800, beyond that in 1799, was $2\frac{5}{10}$ per cent. ; while their increased value was $2\frac{2}{10}$ per cent., a small increase compared with the advanced price of wheat. The increase in the quantity exported in 1801, beyond 1800 was $7\frac{4}{10}$ per cent., while the increased value was $7\frac{8}{10}$ per cent. ; an increase, but still a small one, compared with the still greater rise in the price of wheat, which is more strikingly shewn in the next year. For the increase in the exports of 1802, beyond 1801, was only $3\frac{2}{10}$ per cent., while the increased cost was $14\frac{2}{10}$ per cent., though the price of wheat, still high, had fallen : no doubt the effect of the high prices of wheat in 1801. I must state that this percentage is not the *exact* calculation, being the advance or decrease as compared with the exports of 1799 taken at 1000, and not relatively as to the increase of one year beyond the previous one. Yet it is the most clear and convenient shape in which I could place it in one view ; and I found it

sufficiently exact for all fair and just comparison, as regarded the illustration of my views. Again, the exports of 1803 shew in quantity a decrease compared with those in 1802, of $23\frac{2}{10}$ per cent., while their value is decreased 25 per cent., the price of wheat having fallen—the exports of 1804 shew an increase beyond 1803 of $9\frac{4}{10}$ per cent., while their increased value is only $2\frac{8}{10}$ per cent. The price of wheat having fallen still lower, the exports of 1805 shew an increase of $13\frac{5}{10}$ per cent. beyond those in 1804, while their increased value is only $\frac{3}{10}$ per cent., and the price of wheat had risen, no doubt, in consequence of the low prices of wheat in the two previous years; for, on the other hand, the exports in 1805 shew an increase in quantity of only $2\frac{8}{10}$ per cent., beyond those in 1799, while the increased value is $3\frac{7}{10}$ per cent., the price of wheat being higher at the latter period than at the former. This is the first series of seven years—the next gives the same result.

The exports of 1807 exhibit a decrease of $9\frac{1}{10}$ per cent. below those in 1806, while the

decrease in their value is only $8\frac{4}{10}$ per cent., and this with a small decline in the price of wheat, but it was, surely, the result of the high price the previous year—the fall not yet operating on the goods exported. And I would further remark that the Appendix No. III. exhibiting the exports of cotton goods, apart from other articles of British produce or manufacture, for such a period as I have been enabled to obtain them, seem to prove, that the great increase or decrease in our exports, one year compared with another, is almost wholly in cotton goods, upon which the prices of wages have less effect than on other articles ; inasmuch as, being chiefly the result of machinery, there is only the difference in the cost of wages of those directing it. The exports of 1808 shew an increase of $4\frac{8}{10}$ per cent. beyond those in 1807, while their value is increased only $\frac{2}{10}$ per. cent. The fall in the price of wheat the previous year, now operating with a still greater fall in 1808—the increase in the exports of 1809, above those in 1808, is $34\frac{6}{10}$ per cent., while the increase in their value is only $24\frac{4}{10}$ per cent., and

this with an increase in the price of wheat, not yet perhaps operating, though I must admit it is a great exception to the general rule. The exports of 1810 shew an increase of $1\frac{1}{5}$ per cent. beyond those in 1809, and their value an increase of $2\frac{4}{10}$ per cent., with an advance in the price of wheat. The exports of 1811 are $46\frac{8}{10}$ per cent. less than those in 1810, while the decrease in their value is only $40\frac{7}{10}$ per cent. the price of wheat continuing to advance—and the increase in the quantity of the exports of 1812 is $27\frac{6}{10}$ per cent., above those in 1811, while their declared value shews an increase of only $21\frac{4}{10}$ per cent., the price of wheat falling more, perhaps, when the goods are manufactured, than the decline in the average price appears to shew. With the remark, that the increased price of wheat in 1817 does not seem to have yet had its effect on the value of the goods exported in 1817, though it has subsequently, I need not go further into detail, and merely state, that the same result appears from a review of the two last series, as I have shewn in the two first; with the exception of the three last years, 1827 to

1829 inclusive,—a fact of important national consideration to be discussed afterwards, when the cause of it will be clearly explained.

If it be objected that a great advance in the price of wheat, or a great fall, seem to produce no great percentage effect on the total value of our exports—I would enforce what I have before observed, that a great part of them is the produce of machinery, and it is only the wages of those superintending and assisting its operation that affect the price of goods, cotton goods in particular¹; and that there are many articles made by journeymen and their apprentices, who, by their privileges, real or assumed, exclude any workman, however efficient, from taking part in their labour, without he has been duly admitted according to their regulations, and thus place the wages they exact, beyond the effect otherwise produced by the prices of corn generally.

¹ The raw materials for manufacture have been obtained by the produce of former years' labour,—and this, in part, may be a reason why the prices of goods exported do not appear to rise and fall so quickly as the corn averages, though they ultimately do so.

And it now being clearly shewn that the amount of the money wages of manufacturing labourers for 30 years, excluding the last three, has been mainly regulated by the prices of wheat, or, in other words, by the cost of the labourer's necessities, *ergo*, with the increase of $148\frac{9}{10}$ per cent. in the quantity of our exports since 1799, it cannot be said that the incomes of such "individuals" exclusively "depend on the prosperity of our foreign commerce"—if by prosperity is meant increase in quantity, as Mr. Senior avowedly alleges; or, at least, they cannot be said so to depend in the sense in which he puts it, for with all that increase their money wages have fallen.

Now with regard to the incomes of other "individuals," the manufacturing capitalists. The increased quantity of exports in 1829 is $148\frac{9}{10}$ per cent. beyond those of 1799: but the capital employed, as in the Appendix No. I. is decreased $11\frac{9}{10}$ per cent. Mr. Senior states, the average rate of profit is one-tenth. Be it so. The one-tenth which the manufacturing capitalist received in 1799 is reduced $11\frac{9}{10}$ per cent. in 1829; and not only so, but the

rate of profit is diminished also, still more, by the competition for such an increased quantity of business, with a less amount of capital. Have they benefited in the way Mr. Senior proposes ?

There are yet other "individuals," the agriculturalists and the landed proprietors. In the exposition I have given of our export trade, in the Appendix No. I., it appears, that the increase in the ten years, 1799 to 1808 inclusive, was $8\frac{1}{10}$ per cent., while in the ten years, 1820 to 1829, it was $79\frac{2}{10}$ per cent. Will they admit, that their rents and earnings have increased in the proportion Mr. Senior asserts, upon his theory, is the necessary consequence of such a great increase in our foreign commerce the last ten years, as compared with the first ten ? I fancy they will allege the very reverse.

Still against all this Mr. Senior hedges himself under the fancied increase of the value of our manufactures in the foreign market, "from the improvement in the skill by which English labour is assisted."

Mr. Senior strangely misconceives the effect

of the inventions of Arkwright and Watt. I do not wish, in the least, to undervalue their importance, but merely to place them in their just light. Their true practical effect—if we admit for the present, that higher wages are a disadvantage to our export trade—is to place England, to the extent of the work they give out, on a parity with other nations whose money wages may be less; an immense advantage we could not have obtained if the whole work had been done by manual labour; there being now, in each nation, only the difference in the cost of the wages of those who direct the operation of the machinery. And the invention of Mr. Watt, in particular, has enabled us to place manufactories in situations, where no other power could be conveniently given to the machinery; with the advantage there of cheaper fuel, not an inconsiderable one, as a set-off to the cheaper labour in other countries, compared with the higher wages paid here. Yet, as other nations have the benefit of these inventions, how they are to give an *exclusively* increased value to our manufactures in a foreign market I am totally

at a loss to find out. I can suppose, that a discovery like Monteith's scarlet would give an increased value to his goods in a foreign market, and a great fortune to the proprietor, as his has done; his secret being well kept for a length of time. I can suppose too, that individual skill, in the true and faithful adjustment of his machinery, may give to one manufacturer a greater ratio of profit than his neighbour generally obtains. And I admit, to a limited extent, the superior skill of the Englishman, in this respect, in producing the coarser qualities of goods.

But on looking at the mass of our exports, it is not the price that is obtained in the foreign market, but the returns we get for the produce of our labour, that gives the profit. A manufacturing exporter may sell his goods in a foreign market, and take bills for the proceeds; another English house there sending the return goods to meet the bills it has drawn. Still, I apprehend, that upon the average of years, the result of profit in both transactions is the average rate of profit on capital employed in trade in England, according to the period at

which it is advanced. The manufacturing exporter may most wisely forego a part of his profit, fearing the skill with which his returns may be laid in ; and, more generally, with a view to the speedy return of his capital for reproduction, which pays him better, especially if that capital be limited ; while the English merchant abroad, who grants his bills, may by greater skill, activity, and intelligence, obtain a larger profit upon the returns he sends, than does another export manufacturer who has his returns in goods. Each knows his own business best. If it be the produce of one country that is sent to the other, and the producer in the other that sends the return goods, giving bills to the first, then the profit is divided between the two nations. But, in the frequent intercourse now between all parts of the globe, any foreign market cannot for a length of time give a profit beyond a certain average, and that average is the rate of profit on capital employed in trade here ; the foreign importer getting his profit in the longer period for which his capital is advanced, from the deferred payment at which his goods are sold here.

These are argumentative inferences, and now for the proof. I beg again to refer to the Appendix No. I., and taking from it the exports in quantity of 1800, as the returns for the average quantity exported in the years 1799 and 1800, and taking the exports of 1829 as the average returns for the quantity exported in 1828 and 1829, it will be seen, that our exports in quantity, since 1799, have increased $148\frac{9}{10}$ per cent., while our imports in quantity have increased only $49\frac{7}{10}$ per cent., a difference of $99\frac{2}{01}$ per cent. apparently against us. But not actually so; for I must admit that the increase of our exports of late years has been wholly in cotton goods—partly in cotton twist, and some printed goods, to supply the demand for a change now upon the continent, such as took place here some fifteen to twenty-five years ago, the substitution of the less durable, but more tasteful and elegant works of the loom, for the coarser, but more lasting productions of the family—fashions resulting from a state of peace, and consequent easy and frequent intercourse with other people—but chiefly to new markets in South America,

India, and China, from whence we have had gold and silver in return, not included, nor can the amounts be got correctly to include them in such statements. Again, I repeat, *a great want* in making correct statistical views of our trade. Yet, with all allowance for this, there must remain a great difference between the quantities of our exports and imports now, compared with what they relatively were in 1799 and 1800. Improvements in machinery for assisting labour will not afford a cause for it, for these we cannot keep to ourselves any length of time ; they soon become the property of other nations as well as our own¹; and it is to be accounted for by supposing, either that our imports are not so much the produce of machinery as our exports, and therefore not

¹ I well remember, for it made an impression on my mind at the time, that shortly after the peace, I met in company one of our great cotton printers, who stated what he had seen of the state of their manufactures in France ; and expressed his great surprise, that improvements, but recently introduced here, were, notwithstanding the interruption to all intercourse, in full operation there. I think it was printing by cylinders he mentioned, but of this I am not so sure.

so likely to be reduced in cost by any improvements in the saving of labour,—that our manufactures do not fetch the same relative prices they formerly did in foreign markets, compared with their cost then and now, reduced as it now is “with improvements in the skill of making them”—or else, that our money wages here have been reduced in a greater ratio than has been the price of labour in other countries we traffic with. The difference is likely to have resulted from all these causes collectively, and, perhaps, chiefly from the latter; but, most certainly, that difference is a proof that our manufactures do *not increase in value* in foreign markets, in consequence of the “improvements in the skill,” and there have been many, “by which English labour is assisted,” as Mr. Senior asserts they have done; and further, our foreign commerce, extended at the sacrifice of higher interests, for which Mr. Senior contends—and which has been a principle, unfortunately for us, too much acted upon in various ways of late years—has not been, and cannot be, so beneficial to us as it ought to have been.

I have been at some trouble in transcribing Mr. Senior's theory, and arguments for it, at full length ; not that they cannot be abridged ; but that any abridgment of them might not, I feared, be considered correctly given,—for what are they divested of the style, and not inelegant verbiage, in which they are given ? simply this. He modestly begins, “ *by sup-posing,*” that labour in England is eight times as productive of exportable commodities as in Hindostan, and labour in North America is one-fourth more productive of exportable commodities than in England. He then, with seeming candour, strings together a number of questions, and answers them all *himself* with a, “ whether therefore the wages obtained by the “ labourers, in return for whose labour the “ precious metals are imported, do not regulate the wages of all other labourers in the “ same country ?” To that he adds, that the remuneration paid to the miner, though not quite identical with that received by other producers, yet affords the scale by which all other producers are paid. Mark you!! not the scale of all other producers in the *coun-*

tries only, where the precious metals are obtained, but the scale of remuneration in *all other parts* of the globe. And upon this he jumps to the conclusion, “that the mine “worked by England is the general market of “the world; the miners are those who produce those commodities, by the exportation “of which the precious metals are obtained, “and the amount of the precious metals “which, by a given exertion of labour and “advance of capital, they can obtain, must “afford the scale by which the remuneration “of all other producers is calculated.” From this a certain axiom is given, “*without a flaw* “*in it*,”—that the amount of the income of each individual *solely* depends on the prosperity of our foreign commerce—and a corollary to gild over the whole, that the inventions by which English labour has been assisted, have more than doubled the value of our exportable commodities in the foreign market, and thereby, within the last forty or fifty years, more than doubled the rents of land and wages of labour.

This corollary is no less unfounded than is

the first proposition of the argument, or than the whole is illogical and inconclusive. With such a theory, so supported, I need not to have troubled myself much ; and I honestly confess that, so far, I have been more anxious to establish my own opinions, than to cavil at Mr. Senior's ; but it is now with contorted views of great national questions, as represented by Mr. Senior through a medium so opaque, that I have to deal.

CHAPTER III.

On the Corn Laws, and their effect upon wages and upon our export trade.

ON such a theory as I have described, Mr. Senior takes occasion to inveigh, in no very measured terms, against the perverse folly of our legislature, until at last he works himself into a paroxysm, giving vent to sheer abuse, though clothed in all the dignity of a Latin quotation. And for what?—merely because the House of Commons have not thought fit to enter into his strange views of abolishing the Corn Laws, in order to increase our foreign commerce, and “thereby improve the amount of the income of every individual in the country.” This proposition of Mr. Senior involves two questions to be considered—the Corn Laws, and high and low prices. I take them in their order; and as I feel more at home in treating with facts than with either

arguments or invectives, I first take the last parliamentary return published of the exports of British and *Irish*¹ produce and manufactures, to see what they are, and I find their declared or real value to be 36,812,760*l.*, composed as follow :—

Of cotton manufactures and	
yarn	£17,244,417
Silk manufactures	255,871
Hats, beaver and silk	197,581
Plate, jewellery, and watches	181,973
Cordage	119,652
Refined sugar and molasses..	1,038,569
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British manufactures from foreign produce	£19,038,063
Of agricultural productions	£740,826
Earthenware.....	502,215
Glass ware	500,356
Painters' colours	138,669
Coals	145,943
Salt	154,245
Fish, herrings	157,532
Machinery and mill-work	262,115
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Articles nearly all the produce of our soil,	
mines, and fisheries	2,601,901
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Carried forward	£21,639,964

¹ The Irish imports and exports are not included in the Appenda.

Brought forward	£21,639,964
Of woollen manufactures and wool.....	£5,202,864
Apparel, slops, and haberdashery	910,090
Linen manufactures.....	2,186,422
Metals and hardware	3,884,372
Leather, saddlery, and harness .	363,576
Stationery	208,532
Soap and candles	269,109
Books	102,874
Arms and ammunition	335,761
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Articles partly manufactured from British productions, and partly from foreign pro- duce	13,463,600
Unenumerated articles	1,709,192
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Total exports of British and Irish produce and manufactures	£36,812,756
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Of these 36,812,756*l.*, I roughly estimate that five millions may be considered as the produce of agriculture, and five millions eight hundred thousand as from our mines and fisheries; both, together with the wages included in their cost, a more direct source of benefit to the nation. The difficulty, in this estimate, is the uncertainty of what portion of

our woollen manufactures exported is made from British wool. Again, of the twenty-six millions remaining, twelve millions may be considered as the cost of the raw material, the interest on the capital required for the erection of the manufactories and their machinery, and the charge for their wear and tear, and cost of power to work them; and fourteen millions, at the most, as the profit of the capitalist, and the wages of his labourers, to be chiefly expended in the general market of the country, for the benefit of the agriculturalists, manufacturers, traders, miners, and fishermen. Unquestionably the raw material is obtained in exchange for the produce of labour, but of that of previous years; and the question propounded by Mr. Senior is yearly wages and yearly income.

I beg now to refer to the Appendix No. III., exhibiting the parliamentary returns of the exports of British produce and manufactures since January, 1816, when peace was fairly established, to December, 1829; the Irish are not included; and specifying both the official and declared value of cotton goods and twist,

apart from other British produce and manufactures. It will there be seen, that the quantity of cotton goods and twist exported since 1816, has increased $112\frac{2}{10}$ per cent., while the declared value has increased only $11\frac{7}{10}$ per cent.; and that the quantity of other British produce and manufactures exported since 1816, has increased only $5\frac{7}{10}$ per cent., while the declared value or capital employed has decreased 28 per cent. And thus it seems, that since the peace, with all the benefits of open markets on the continent, and notwithstanding such a reduction in their cost, and with new markets in India and South America, we have increased our exports of other British produce and manufactures only one-eighteenth part, while it is in the export of cotton goods and twist alone that we have succeeded in extending our foreign trade. Here some curious comparison might be made on the effect of our late and present policy as regards trade; but my wish is rather to conciliate together all the different interests in the country, their true and just position, than to set one opposed to the other, as Mr. Senior has unwisely and

unjustly done ; and my present object is merely to get at a correct view of our foreign commerce, which is, I believe, such as I have just described.

Now let us suppose the corn laws were abolished, according to the desire of Mr. Senior and the advocates of that school, and see the effect it would produce. Let us farther suppose that, instead of our importing yearly a million of quarters of different sorts of grain, and of flour reduced into quarters,—which is, excluding that from Ireland, more than we have got from abroad on the average of the last twenty years—we imported every year three millions of quarters of grain and flour, part of our own lands being thrown out of cultivation ; and further, that we paid for them in five millions value of exports. I will allow that these five millions may be all profit on capital, and wages of labour in making these exports ; for such, though not the first year with this increase, will ultimately be chiefly the case. But, upon past experience, these exports must for the greater part be of cotton goods and twist, and will the countries supply-

ing the corn take such an increased quantity of them from us ? If reference be had to the Appendix, No. I., it will be seen, that when we have been obliged to import much corn, our exports have increased ; but yet not equal to the value of the corn we have imported, and the balance was paid in gold. It will be further seen, that when there has been one or two years of large exports for grain, that those of the succeeding year have fallen off nearly in the like proportion to the previous increased exports ; shewing, that though, for the moment, these foreign countries were willing to take an increased quantity of our commodities for part of their grain, at their own price, and which we were obliged to give ; yet that the exchange did not increase the consumption of our manufactures abroad. And it may be readily admitted, that the tastes and habits of these foreign countries are not likely to change so quickly, as our absolute want of necessary food required to be supplied.

But admitting these foreign corn countries would take five millions more of our exports ; in that case,—as the price at which the sur-

plus stock of any commodity is held regulates the price of the whole of it that is at market,—having always a full supply, with no inducement to hold a perishing article, we should reduce the prices of grain here to the cost of production in the countries from whence we drew such supplies, with the addition to it of the charges of transport, and the increased cost there by the extent of our demand. Not, as has been, a great increase abroad in price from occasional large demands to supply, in the course of a few brief months, our absolute wants; but a regular yearly demand, with a comparatively small increase in the price there.

A consequent fall in prices here of 20s. the quarter on the fifteen millions of wheat, and a fall of 10s. a quarter on the twenty-five million quarters of barley and oats we consume in Great Britain, would amount to upwards of twenty-seven million pounds sterling in the incomes of the agriculturalists!

The scale of the value of our soil is the amount in money of its yearly produce. Land, therefore, would be depreciated one-third in value, the chief part of the capital of the

nation. Such a depreciation would afford no means of paying off the public debt. That debt has no definite amount, other than the amount of the yearly interest or annuity ; and is nothing more than a certain portion of the annual income of the country, mortgaged when the value of the capital was considered far greater, and gave a much better return than now, merely on national good faith, and taken to pay the public annuitants. And, without any other bond or security, even if they were well satisfied of the desire, as they ought to be, still would these annuitants be satisfied of the ability to make the regular half-yearly payment of their annuities, with such a reduction of the national capital and income ?

We are, it is said, consumers of two-thirds of our own manufactures and much more than two-thirds of our colonial imports ; and could the manufacturers and merchants expect any equivalent from increased exports to pay for corn, equal to the loss of such diminished means amongst the largest buyers—the home consumers ?

Mr. Senior states, “ While an Englishman
“ can produce calico worth one hundred and
“ fifty ounces of silver, in the same time which
“ five Poles can produce corn worth only one
“ hundred and forty ounces, it must be advantageous to Poland to give for the calico produced by one Englishman the corn produced by five Poles.” And this is given as a sound reason for abolishing our corn laws! It is needless to stop to cavil at the premises assumed, and I will admit that, in such a state of things, it may be an advantageous exchange for Poland; still there remains a much more important question—is it the interest of England to make the barter? For our absolute wants it may be; but, certainly, not so as to reduce the prices of grain in England to the cost of getting it from Poland.

Mr. Mill, a much more formidable adversary in argument, in his *Elements of Political Economy*, gives the original idea of this question more clearly and forcibly, and there is some pleasing excitement in grappling with it. He states, “ If, while the cloth produced with
“ 100 days’ labour in Poland was produced

“ with 150 days’ labour in England, the corn
“ which was produced in Poland with 100 days’
“ labour, could not be produced in England
“ with less than 200 days’ labour ; an adequate
“ motive to exchange would immediately arise.
“ With a quantity of cloth, which England
“ produced with 150 days’ labour, she would
“ be able to purchase as much corn as was
“ produced in Poland with 100 days’ labour :
“ but the quantity which was produced there
“ with 100 days’ labour, would be as great as
“ the quantity produced in England with 200
“ days’ labour. England, therefore, would ob-
“ tain her corn with 50 days’ less labour,
“ through the medium of the cloth. Poland
“ would profit in the same manner.”

This statement is very ingeniously and neatly put ; and, though put hypothetically, yet being afterwards assumed by Mr. Mill, as proving his argument, I would first ask, are the premises founded in truth¹ ? The cloth we have

¹ I allude to truth, in the abstract sense of the word. I respect not only Mr. Mill’s great talents, but his moral worth ;—and I merely mean to affirm, that he has not arrived at the truth of the question, and that I think the

got from Prussia and Poland, within the last few years, sent here in bond for exportation, is not cheaper than our own ; and with better implements, and better skill in husbandry, we produce here more corn, with the same number of days' labour, than they do in Poland. But in this statement, Mr. Mill assumes as a disadvantage to us, the higher wages of labour we pay here, compared with those in Poland, and

ingenious way in which he has put it, has misled even himself. Mr. Mill states, " By superior facilities in producing commodities, we mean the power of producing the same effect with less labour. The conclusion, too, will be the same, whether we suppose the labour to be more or less highly paid." Then follows the question propounded by him, as I have given it, which could not have been so put, except by taking the low scale of money wages in Poland, as a common divisor, to form a comparison. Now, unquestionably, with our superior skill and improvements in manufactures and husbandry, we produce every thing with less labour than they do in Poland, and Mr. Mill's is therefore a question solely upon the low money wages of Poland, and not, according to the premises started, a question to be decided, whether "the labour be more or less highly paid." Surely, in the first instance, it would have been well to have inquired, what was the cause of higher wages paid in England.

takes a common divisor of the amount of money wages paid in both countries—the lower scale of Poland—to represent the number of days' labour in both countries at the same price. Hence the error of taking an arithmetical fiction to represent facts, not previously well considered, and therefore not clearly defined. The labourer, in both countries, receives, as wages, a certain quantity of what they each produce ; and, in England, with not only better skill in husbandry, and better implements, but with a more genial climate, giving a greater rotation of crops, and therefore greater produce, the English labourer receives a larger quantity of produce as his wages, than the Pole gets. The value, in silver, of that quantity of the produce of his labour, which each labourer in the two nations relatively receives, and, consequently, the different proportions in the amount of their *money* wages, is quite a different question, to be considered hereafter, and, at present quantity of produce, is sufficient for my argument. Now, *with our public burdens*, it is by no means impossible, that the increased price given in the

general home market to one part of the community, to the agriculturalists, and by them brought again into that market in purchases from other producers, to the extent of the ability so furnished to them, may not be a loss to the nation, nor any advantage given to one part of the people over another; and, indeed, may hereafter appear for the general benefit of all. But, at present, I only observe, that for England to give up producing corn, in order to go to buy it in Poland, where it is cheaper, because we give higher wages in England, in consequence of our being enabled, out of the greater produce of our soil, to give a larger proportion of it to our labourers, would, in plain language, be cutting off our right hand to be avenged of the left.

But let us take another view of the subject, and allow Mr. Mill's premises as granted. In that case, a question arises which I am not competent to decide, whether the manufactures made to export for grain, (chiefly, from past experience, cotton goods, the produce of machinery,) would give occupation for all the agriculturalists thrown out of employment. I

should suppose not ; and to the extent of the consequent competition would the prices of wages be reduced, and bear hard on the great body of the community,—the labouring poor. And not only so, for as the value, in silver, of the produce of their soil, forms in all countries the scale of the money wages for their producers, except limited bodies of them with peculiar privileges, though the labourer would receive the same quantity of the produce of his labour, yet, in consequence of a full supply of corn at low prices, would of course the exchangeable value, in silver, of such his proportion be reduced, and, consequently, the amount of his money wages. His food would be cheaper, but his money wages would be lowered in the same ratio, and give no increase to his ability of purchasing other necessities, *while the public burdens remained the same.* The agricultural capitalists' share of the produce of the soil would in value be reduced in the same proportion. All goods, the produce of such diminished cost of wages, would be so much lower than they are now ; and the ma-

manufacturing capitalist's profit, *pro rata*, on the capital employed, also be diminished.

In abolishing the corn laws, the whole income of the nation would be reduced, and, with a fixed payment out of it, the people's means of purchasing their wants, and necessities, would be diminished also, excepting the public annuitants ; unless the present amount of taxation were still further reduced, as would be the present prices of corn ; a reduction of our public burdens not likely to be accomplished with a diminished national income. The objection, in my opinion, to the corn laws is, that their present operation does not carry the average price sufficiently high, as relative to the amount of our public burdens ; and, consequently, renders these burdens too onerous upon both rich and poor.

With the objections I have raised against the doctrines of Mr. Senior, and of that school, for abolishing the corn laws, in order, in their views of it, to increase the export of our manufactures, I am desirous that it should not be supposed I am inimical to the principles of free trade.

I have been engaged for upwards of twenty years in commerce, with all my predilections and feelings in favour of it ; and it is these that now induce me to come forward in support of what I consider its true interests. I think I am sensible of all the great value of an export trade, as large and as free as we can make it in strict justice to the interests of all producers, in the condition under which we are unfortunately placed with a heavy national debt, and a necessary heavy state expenditure from the extent of our colonies. I am aware that the market for any branch of manufacture, confined wholly to the home demand, may be frequently overdone : particularly if it be an article of taste or fancy, and the prices, consequently, very varying ; while the manufacturer, with the more steady and ready sale of his surplus production for export trade, and from the increased quantity made for it, with the same buildings and machinery, can, with advantage to himself, supply the whole at a less price, than he could a demand limited to the home consumption. I cannot be ignorant of them, for I have already stated the immense

sums derived from our export trade in profit on capital, and in wages, to be expended in the general home market for the benefit of all our producers. Again, politically considered, I am aware that it has been the increase of our manufactures, that has so much tended to the increase of our population, and raised us in the scale of nations¹, while it has been the

¹ It is most curious to observe with what complacency and self-satisfaction each person jogs along with his own favourite hobby. There is, first, Mr. Senior, who, to increase the population, and “improve the income of each individual,” would turn us all into manufacturers; and would have one great workshop, that should reach from the Land’s End to John o’ Groat’s House, for making gold and silver shrines for the great god of Mammon that we are forbidden to worship, yet whom we all of us serve with much too earnest a devotion. Then there is Mr. Wilmot Horton deploring the already too redundant population, and pitying the distresses of the poor, which he fancies to arise from that cause, would, I sincerely believe, in a spirit of pure philanthropy endeavour to persuade the nation to be at the expense of sending a part into emigration, for the benefit of the rest. While, on the other hand, there is Mr. Potter Macqueen with his long stories about the poor laws, all winding up—with the description of a beautiful arcadia to be found in Van Dieman’s Land,—with a list of upwards of

demands of that increased population that gave greater encouragement to the improvements in agriculture, and a price for its pro-

one hundred descriptions of handicraft workmen all wanted there—with a long list of dainties there to be had, all very cheap ; and, moreover, a list of glorious wages there paid, that each might have his heart's content of them ;—and all, doubtless, to persuade people to emigrate at their own proper charges, for which, truly, the possessors of large tracts of land there are vastly indebted to him. We can all very readily perceive with what grace our neighbour straddles his hobby, and yet remain perfectly unconscious of the more ludicrous effect we produce ourselves. Now, with this in view, I have had the precaution to mount with a mask, that, if I am made to smile in turn, I need only smile in my sleeve at any uncouth antics, or gaucheries, I may exhibit in this my first performance before the public. And I am the more induced so to mount, not merely from never having before tried my powers ; but I candidly own, because unfortunately for me, I have too much self-confidence to ask instruction ; very unlike that more sage and prudent Lord Mayor, who took lessons from his city marshal upon a horse, aye, and a real horse too, with a fine saddle, very snugly and quietly in the great coal-cellar under the Mansion House, that he might go and meet his Majesty at Temple Bar, and ride before him into the city in silk stockings and pumps, as should become the dignity of the first magistrate of the first city in the world.

duce, which so much augmented the wealth of the nation, and enabled us to carry on the expensive wars in which we were engaged.

My objections are to the promulgation of badly understood, and ill-defined doctrines of free trade and low prices, for the benefit of one part of our producers, to the detriment of another ; doctrines alike injurious to both, and subversive of the best interests of the nation. The interests of our agriculturalists, miners, traders, and manufacturers, are all closely identified together. The one cannot be separated from the other ; all must rise, or fall together.

I agree with Mr. Senior, that our book of rates of duties, if he considers that as a part of the restrictions on trade, has been formed without much true knowledge of commerce ; and though, to the credit of those in power, it is being gradually amended, still, in many instances, it remains a disgrace to any commercial nation. But before we take his advice, and seek to force a trade with other nations, jealous perhaps, and unwilling or unable to engage with us, and having the power to place

restrictions upon it at any time injurious to our interests,—as America has, for *her* true interests, foolishly done,—it would shew more true wisdom to cultivate a trade within our own power, with our own colonies, our own subjects, where we have no such danger to fear. The Appendix No. III. giving the experience of the last fourteen years, shews, that with all the reduction in prices since the peace, we have not succeeded in increasing our export trade, except in cotton goods, and chiefly to markets out of Europe.

Now I had `occasion some years ago, to make inquiry as to the quantity of cotton, part used in its raw state for various purposes, but chiefly manufactured within the territories of the Bengal government. It was difficult to ascertain it correctly, and in a great measure it is conjectural, as all the cotton did not pass through the Company's internal custom houses, but the best opinion given was, that it amounted annually from 350,000 to 400,000 bales of 300lbs. The export of raw cotton from Bombay, on an average, exceeds annually 150,000 bales, and the opinion there is, that the quantity

manufactured and consumed in the interior, is even more than that ; several intelligent persons consider it half as much again as is annually exported. Then there is what may be consumed in the territories belonging to the Madras presidency ; and I think I may safely state, that the quantity of raw cotton used and manufactured annually in all India, was one-half to two-thirds of what now is manufactured in all Europe in one year.

We can bring their cotton from India, and send it back to them in cotton goods, or as yarn of a more even quality, and at lower prices, than they can manufacture it themselves ; except of late the low numbers of yarn. Yet compare the quantity of manufactured cottons and yarn we now send them, though yearly increasing, with their consumption of them. It is not their want of inclination, nor, even to a certain extent, the want of ability amongst the natives to purchase our goods, as it is the difficulty of getting returns for them, that retards the still increased export of our cotton goods to India. It is acknowledged to be a subject of much complaint, particularly

near Calcutta, that the introduction of our cotton manufactures has thrown the female population out of employment, to their serious loss and injury.

But were we to allow India to be colonized, that British capital, skill, and industry might be employed in directing the cultivation of the soil ; its yearly increasing produce, and consequently higher wages given, would afford to the natives more than an equivalent for the loss they now sustain, or may hereafter sustain, in not manufacturing for themselves. We should, with the produce of our labour, get the produce of theirs, raw cotton as clean, and of as good a quality, under the superintendence of Englishmen, as that we now obtain from America ; and carry on an exchange, yearly increasing, for the mutual benefit of both countries ; and that too, with a great increase of employment for our own shipping, instead of paying freights to American vessels.

This would be a trade, free as our own will may choose to make it ; and the question now is, whether we shall longer continue to withhold it from ourselves. The trade of two countries

depends not merely on what the one can supply, but also in what the other can give in return; the *great want* felt in India by the exporters thence of our manufactures. The advantage of colonies is according to the scope they afford to the mother country for the employment of its surplus capital, skill, and industry; and shall we deprive ourselves of this in India, merely on account of an old woman's story of the fear of insurrection, that the Honourable Company may, as they have hitherto done, continue to lie like the dog in the manger?

CHAPTER IV.

On the question of how far low or high prices tend to increase or diminish our export trade, and the profits arising therefrom.

THE difficulty in this question arises from the want of a sufficient number of facts, to be had from abroad and at home, so as to form a fair comparison, and a right conclusion upon it in complete detail; and, without these, it is chiefly to be judged of by analogy of reasoning. Yet, upon the present fashionable doctrine of low prices, to increase our export trade, in order to compete with foreign producers, I would observe, that the advocates for this doctrine—to prove high money wages, the result of high prices of grain, are a detriment to our competition in other markets with foreign producers—should shew more clearly, than they

hitherto have done through the medium of their peculiar abstract theories, how much these higher wages increase the cost of our productions, beyond the allowance that ought fairly to be made for the advantages we possess in England, and which other nations have not : advantages entirely lost sight of in these theories, confined as they are to a consideration of the subject of trade, viewed only as regards the difference in the cost of wages of labour, and that an incorrect view, as respects the effect of wages on the profits of an export trade.

Without these requisite data, yet I am strongly of opinion that our cheaper fuel—our cheaper materials for machinery, and skill in making them—our greater skill in using them when made ; this sometimes a difference of two or three per cent. in neighbouring manufactories here, both using machinery turned out by the same workmen,—and, from the great extent of our trade, the benefit of making the greatest possible quantity of goods from the same cost of buildings, machinery, and pattern blocks. Add to these the peculiar

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situation in which we are fortunately placed, with our harbours opened for intercourse with all parts of the globe during the whole twelve months ; while upon a great part of the continent their rivers are generally closed from two to three months, and sometimes longer ; and, for the like period, the water power they in a great part employ for their machinery, also frozen up, and a stop put to all labour—then there are our good roads, canals, and railways, for rapid and easy transport to all parts of our nation, at little cost, and they, all together, with longer hours of labour from a constant demand for it, fully counterbalance the disadvantage of higher wages of labour paid in England than abroad, if high wages be any disadvantage to us, which I maintain they are not in our foreign competition.

We have, during war, competed with foreigners, giving much higher wages than we pay now ; and that we can do the same in peace, I doubt not, and shall endeavour clearly to prove.

Our manufacturers for our home markets desire low prices, only because they are con-

sidered the safest, not the most beneficial to them; and they are content to receive a smaller return on their capital, steadily and safely, than a larger one with great fluctuations, such as there have been in prices, and which have been sometimes injurious to them. The cause of the great fluctuations there have been in trade, during the last twenty or thirty years, may hereafter appear, under the consideration of Mr. Senior's second Lecture; and I now further observe, on the present rage for low prices, that we cannot by forced means reduce the cost of production in one or more branches of our manufactures for exportation, without the reduction becoming universal in the prices here of all our exports, and also of our imports, from the reduced means of the buyers.

If we adopt measures that reduce the prices here of the goods we import,—upon the realized proceeds of which depend the profits on our goods exported—we must also reduce the prices we pay for them abroad, or carry on a losing trade: and, if we do reduce the prices we pay abroad, we must thereby reduce the

means of those we traffic with in taking the goods, the produce of our labour, that we exchange for the produce of theirs. And further, if their productive labour, that we take in exchange for our's, be not manufactures, but the surplus produce of their soils—the price at which that surplus produce of their soil sells regulating the wages and profits of all producers in each country—then their diminished means will not be confined to the loss in price which they sustain upon the part only of their produce that we take from them.

Hence, England trading the largest with all nations, the reduction in prices here, and our consequent distress, may, in great part, account for the universal suffering said to be felt in other countries, as well as in our own. And, if that be the case, as I suspect it is, there is proof that we have carried the doctrines of low prices already too far.

It has been often said, that the low market price of interest on money lent, affords increased facilities for carrying on trade; but surely this is a great mistake. A low rate of interest is rather a proof of how unproduc-

tively money can then generally be employed in trade. The market price of interest in the foreign manufacturing nations that compete with us, France excepted, was not higher than it was in England, when the prices of our commodities were the greatest, from the high wages we then paid ; and which I consider an evidence that capital was not then more productively employed in trade, in those countries, than it was in England, notwithstanding our higher money wages. Reduced as is now the market price of interest in England, yet it is said to be reduced in a greater ratio amongst the principal part of our foreign manufacturing competitors ; and if so, I deem it a further proof that these doctrines of low prices, to increase our means of foreign competition, have been carried to a length injurious chiefly to ourselves—a competition rather between ourselves, than against foreigners.

Now, though as before stated, I have no data to judge of this question in detail, still there are public documents to shew, from past experience, how far the reduction in prices that has taken place has extended our foreign trade. I refer to the Appendix, No. I. where

it will be seen that the exports of all British produce and manufactures, in 1816, were of an official value of 34,774,521*l.*, costing 40,328,940*l.*;—and, in 1829, the official value, or quantity, was 53,465,723*l.*, which, at the same prices as in 1816, should have given a declared value of 62,005,626*l.*; but giving a declared value of only 35,212,873*l.*, shews a less proportionate capital employed, amounting to 26,792,753*l.*, or, in other terms, a reduction of $43\frac{2}{10}$ per cent. on the cost of the goods, with an increase of $53\frac{7}{10}$ per cent. on the quantity exported; and seemingly argues that increase as arising from the reduction in prices.—But see how far this is borne out in the Appendix, No. III. There, the official value of the exports of cotton goods and twist, in 1816, is shewn to have been 17,564,461*l.*, and their cost, or capital employed, 15,577,392*l.*; and their official value, in 1829, was 37,269,395*l.*, which, at the same prices as in 1816, should have given a cost of 33,053,105*l.*; but the cost, or declared value, in 1829, having been only 17,394,584*l.*, shews an increase of $112\frac{2}{10}$ per cent. in quantity ex-

ported, with a decrease of $47\frac{4}{10}$ per cent. in the cost. Still, on the other hand, the official value of the exports of other British produce and manufactures, in 1816, was 17,210,060*l.*, and their cost 24,751,548*l.*; while, in 1829, their official value was 18,196,328*l.*, that should have given a declared value of 26,170,001*l.*, at the same prices as in 1816; but giving only 17,818,289*l.*, shews a decrease in the cost of the goods, in 1829, of $31\frac{9}{10}$ per cent., with an increase of only $5\frac{7}{10}$ per cent. in the quantity exported: and this only with all the new markets open to us since the peace. The low prices of other British produce and manufactures cannot be said to have extended their export since 1816; and this is fact *versus* theory. While the increased exports of cotton goods and twist can be fairly assigned to other causes than the low prices—to the new markets found in India, China, and South America, where there is less competition with foreigners, than amongst our own manufacturers—and on the Continent, from a change of taste and fashion, as before observed—a demand that would, I feel assured, have been made at

prices higher than we have got, with better profit to the capitalist, and better wages to the labourer here. But whether I am right or wrong in this latter opinion of the continental trade, and I confess I am not well acquainted with it; still, I confidently maintain, that a vast and more profitable trade will, by *slow degrees, yet ultimately*, be found for cotton goods and twist in India and China, than we can force in Europe; were we only allowed properly to avail ourselves of the capabilities of India and China for the extension of our commerce.

To shew more clearly, in effect, the views I entertain of high and low prices, and of an abolition of the corn laws, I will suppose the national income represented by the sum of 300*l.*, the amount raised by taxation out of it being 100*l.*; and leaving a net income of 200*l.* to pay the cost of all our different necessary wants, exclusive of the taxation now included in the price of some of them. If I am correct in the opinion I entertain, and I believe I am, that by abolishing the corn laws, the value, in silver, of the produce of the soil, would be

reduced one-third, money wages be reduced one-third; and, of course, the price of all native commodities be reduced in the like ratio, as also the amount of profits on capital employed in trade, the effect would be, that the gross national income would then amount only to 200%, and the taxation being 100%, there would be left not more than 100% to pay for our necessary wants.

But the cost of these necessary wants, exclusive of the taxation included in the price of some of them, having been rated at 200%, which would be reduced one-third from the same cause, this reduced cost would be 133*l.* 6*s.* 8*d.*, to meet which there would then only be 100% reduced net income. Of necessity, to the sum of this difference, 33*l.* 6*s.* 8*d.* per cent., or one-third, we should have to reduce the number of what we now consider our necessary wants, or else reduce the amount of taxation; and, in the latter case, it is not difficult to believe that the interests of the public annuitants might suffer. One man's supposed absolute wants are real luxuries to another;—and this assumes that all our supposed wants are English commodi-

ties, which they are not, and such as are not might not be reduced in the same ratio; and, therefore, to that extent our situation would be so much worse.

It may be said, perhaps, that I have rated the proportion raised by taxation out of the national income too high. Therefore, to suit the ideas of Sir Henry Parnell of the national income being three hundred millions, and the sum raised last year being fifty millions, I take the taxation at one-sixth. In that case the gross national income being represented by 300*l.*, and the amount of taxation by 50*l.*, there is left 250*l.* to pay for the cost of our necessary wants, exclusive of the taxation included in the price of some of them. And, from the same cause, the abolition of the corn laws, that gross income being reduced to 200*l.*, and the cost of our necessary wants 250*l.*, reduced also one-third to 166*l.* 13*s.* 4*d.*, still there would remain only 150*l.* to meet them, which would not mend the matter much.

To this it may be objected, that the sum raised by taxation is not lost to the country,—that it comes again into the general market

for the benefit of all producers. And so it does ; but it must be admitted, that the amount raised is virtually, in one shape or another, in the first instance yearly taken out of the annual amount of the productive labour of all producers ; and that when the amount, so taken, comes back again to them from the public annuitants and pensioners in the purchase of another part of their productive labour, they only get out of it the average rate of profit in trade on their commodities.

It may still be urged by the advocates for low prices, that such a decrease in the cost of production of our manufactures would give an equivalent,—a much greater profit on our export trade ; and though this, at the first sight, might appear likely, I shall, in addition to what I have before asserted, give a practical illustration, shewing that it will not do so.

For instance, let us suppose that 100 hats, or any other manufacture, which with all charges may now cost 100*l.*, would sell in South America for a net price of 525 hard dollars ; and that such a sum of dollars would purchase there 2,000 hides, which would sell

here for a net price of 110*l*. If, by a reduction in the price of corn, and, consequently, of money wages, these 100 hats should cost here only two-thirds of what they did, or 66*l*. 13*s*. 4*d*., and sold for 525 hard dollars, which purchased the 2,000 hides; still, with the diminished means of buyers in England, from the same cause as already explained, these hides would only sell here for a net price of 73*l*. 6*s*. 8*d*., also two-thirds of what they did, and the result would be the same percentage profit as before, only upon a diminished amount of capital. And this I consider to have been the effect of the doctrine of low prices of late years.

But, according to Mr. Senior's reasoning, the exporter of hats, at the reduced cost, ought to have the net sale amount in South America remitted to him in 525 hard dollars, and make a large profit. So he might, and so might one or two others at first do the same; but no more. For in the present frequent intercourse between all parts of the globe, the South American merchant, equally alive to his own interests as is the Englishman, would soon

find that, if, instead of buying hats in South America, he sent his hard dollars to England, he would get one-third more of hats here with the produce of his dollars, less a mercantile commission. Or else, and more likely, other exporters from England would send their hats or other manufactures to South America, until the sale price was there reduced to a sum in hard dollars, that would give not more than the cost of production here and charges, with the average rate of profit obtainable by English manufacturers in that market, which, on a scale of years, would be the average rate of profit on capital employed in trade in England.

Further, we can only sell the produce of our labour in South America, by taking the produce of theirs. The precious metals are only a part of the productive labour of South America, and we take all they can give us. Taking nearly all they raise, and are willing to give us ; still that is not sufficient as returns for the amount of goods we export thence, and we must take another part of their productive labour, hides, and other goods : or

else our manufactures would remain a dead stock in their market. But, as the prices of hides in England would, of necessity, fall from our diminished means of purchasing them, and the price of our hats would fall in South America to the cost of their production, together with the charges of export, and the average rate of profit obtained in that market, we could only give the sum of these three for the hides, less the charges of importing them, and the average rate of profit on the further outlay of capital, to make a fair return on the adventure.

If this reasoning be correct, it follows, that unless the cost of production in South America be reduced to the price we can give them for their commodities, as returns for our productive labour, allowing us the average rate of profit on the outlay of capital employed in trade in England, our barter with them must cease ; but if so reduced, then distress must be felt in South America, as well as here, from our low prices. And the same, more or less, in every nation we traffic with, largely as we do, accordingly as the commodities we take

from them are more or less the surplus produce of their soils.

The whole question resolves itself into this. The prices of goods are the cost of the wages of labour employed in making them. Low prices, therefore, is a term synonymous with low wages ; and low wages are the result alone of low prices of the produce of our soil, upon which the chief amount of our income depends. Had we no national debt, or necessary great state expenditure, in consequence of the extent of our colonies requiring defence, it would be of less consequence, had we quantity, what were the prices of the produce of our soil, whether high or low, we should all be on the same footing. But with that debt, the extension of our export trade by an abolition of the corn laws, even if we could force it to half as much again as it now is, would be no benefit, but a severe loss to the nation of greater agricultural profits ; such as would produce an afflicting collision of different interests, and unquestionably cause a revolution in the country.

And, further, I maintain that the only legi-

timate and effectual means of increasing the export trade of the country, with advantage to us, is, not by causing a decrease as we have done the last ten years, but by increasing the produce of our soil and its market price ; that thereby the means of the consumers might be increased for taking off the returns we get for our exports, on the realizing of which depends the profit on our export trade ; and further, that thereby a fund might be raised, after payment of the interest of our debt and state expenses, to set in motion the productive labour of an increasing population.

This I deem to be a plain assertion of a forcible truth ; but perhaps there are many, who, not having considered the subject, may think it paradoxical, and such persons I beg to look to the history of our country, and see if it does not give a confirmation to the opinions I advance.

Formerly, this country exported grain ; now we import largely. Those peculiar advantages which, in the earlier stages of society, led, in all nations, to the forming of commercial cities

on the banks of rivers—the easy import of their wants, or transport of their surplus productions elsewhere for sale—have given rise to the establishment of manufacturing towns throughout our sea-girt country, rich in mineral productions, and with branches of the sea and navigable rivers running in many places almost to its centre ; thus affording easy transport for those productions to other places where they have been better manufactured, or sold—advantages which no other nation of like extent in Europe equally enjoys. The benefits arising from these advantages, encouraged by our successive sovereigns, have led to the extension of our commerce, internal and external, requiring an increased population of labourers ; but that extension has been *infinitely most rapid* since increased chemical knowledge led to the better cultivation of our soil, and to the obtaining a greater produce from it, which afforded the means for a sale of manufactures at home and a sale of the returns for our exports ; while at the same time the wants of that increased population

of labourers gave a further stimulus to improvements in agriculture, and a constant demand for its increasing produce.

And the benefits arising to our country from its manufactures have therefore been, that, instead of exporting the produce of our soil—to be sold at a price equivalent only to that which the nation that produces grain the cheapest could obtain, and with a questionable sale for such an increase—it has been consumed at home by our labouring artificers, and at our own price—fixed by the effect of our corn laws—as we consume more than we in general produce. By the sale abroad of our surplus manufactures from minerals and wool, the natural productions of England, we first obtained foreign raw materials, which the peculiar advantages of our country and skill have enabled us to manufacture into goods with a *less quantity* of labour than other nations. Thus, in the consumption of perishing articles, the produce of our soil, we have obtained more imperishable articles for the wants chiefly of our population, and besides articles more saleable elsewhere than our

corn ; whose value is in the cost of that produce of the soil consumed, with the capitalist's charges for wear and tear of machinery, and for force given to it, and his per centage profit added for advancing these and the wages of the labourers.

In the thirty-seven millions, nearly, exported last year, there have been more than one per centage profit. For instance, in the seventeen millions of cotton goods and twist exported, there have been, at least, the per centage profit on importing the raw material, the profit in weaving and spinning, and the profit in printing ; the manufacturers being now the chief exporters except of what is sent abroad by commission agents. On other British produce and manufactures the number of profits have been larger ; but, on the whole, twenty per cent. may be fairly taken as the capitalist's per centage profits, or about seven millions and a half on the amount of our exports, and twice that sum on the amount of our home trade, said to be double our exports.

In the population returns, the number of families employed purely in agriculture are

given, being in 1821 one-third of the whole, while those engaged in other trades and professions are stated separately. But the miller who grinds the corn, and the baker who bakes the bread, are equally dependent on agriculture as the labourer who threshes out the corn; in the profitable division of labour, their part is only the further preparing it for sale, and paying their own wages out of the proceeds, instead of getting them from the farmer;—equally dependent is the butcher upon agriculture as the farmer's man who drives the cattle to market;—equally dependent upon agriculture are the woolstaplers, the carders, the spinners, and weavers of wool, as the labourer who shears the fleece from the sheep;—and so are a great part of the professions of law and physic, and many others. But assuredly there are the per centage profits on the value of the manufactures necessary to supply the wants of those who produce the goods we export—perhaps two or three millions; yet what are these ten, or at most twelve millions of per centage profits derived from our export trade, compared with the

surplus proceeds of our agriculture, after wages and expenses paid, and the per centage profits upon the supplies of manufactures for the wants of those to whom agriculture gives employment, also added.

It has, therefore, been the wants of an increasing population, chiefly labourers, that have given a demand for their own manufactures and for the produce of the soil; but it has only been the surplus proceeds of these, after wages and expenses being paid, chiefly of the produce of the soil, that has afforded the funds for giving constant employment to an increasing population. For their various goods, when made, the manufacturers could not look to themselves alone; their chief dependence has been upon the proprietors of the soil, and upon those to whom they gave employment. According to the value of the sales of the produce of the soil, so has been the amount in value of the sales of manufactured goods. The labourers have got wages equivalent to the cost of their necessities, chiefly the produce of the soil, except when taxation or our peculiar laws

affecting their interests have prevented it ; and the manufacturing capitalists have got profits, *pro rata*, on their advances, greater or smaller, according to the amount of wages paid, and the amount of the sales of their goods.

Our foreign trade has been the export of our surplus productive labour that we did not want at home ; chiefly the produce of our soil consumed in the production of more imperishable articles—that other nations will take from us in exchange for the produce of their soils or other manufactures. In return, we have got, for the greater part, materials for reproduction. If it has been gold and silver we have taken as returns, we could not eat them, drink them, or clothe ourselves in them ; by a confusion of ideas, we are in the habit of giving a character to the precious metals they do not possess, from ascribing to them the properties of things of which they are only the measure of their value, and a token of their worth : beyond the demand of our manufacturers, principally to make ornamental luxuries, and for the wants of our currency, which experience

has taught us we can in a great measure do without, gold and silver, greatly as we desire them, are of no real worth to us as a nation, but in their profitable employment, by our exporting them to obtain elsewhere raw-materials, food and clothing, the necessities or luxuries of life. In the latter case, it has only been our productive labour exchanged in one market for a token of its worth, to be sent to another country, and there exchanged for the produce of its labour, that can be consumed or used to advantage by us. And the cost of our goods exported, with the per centage profit on them having been realized, not by the sales abroad, but from the proceeds of the returns, the importers of them, equally with the manufacturers for our home wants, have had their dependence for sales chiefly on the means of the proprietors of the soil, and of those to whom they give employment.

And thus it has been our manufactures that have given a value to the produce of our soil, which it would not otherwise have obtained ; while it has been the amount of the proceeds of the produce of our soil that has chiefly

afforded the means for the purchase of all manufactures or produce, native or foreign ; or as Dr. Adam Smith states, “ according to “ the extent and produce of its agriculture “ will be the quantity of productive labour, “ which is put in motion within the country.” Let us take measures that will reduce the quantity of agricultural produce, or its value, and the whole social machine in the nation will be put in disorder, as ours has been.

It will be more clearly shewn, in a subsequent part, how increased capital employed in trade and agriculture advances the prices of all commodities, and the amount in money of our national yearly income ; and I need only here observe, that we had formerly a capital created in paper—it has been said in parliament—to the extent of twenty-five millions, which was lent to parties to enable them to hold commodities, and by them again issued for the purposes of a paper currency. This has been withdrawn, and a further sum of capital also abstracted from holding commodities to be unproductively employed in maintaining a metallic currency. Consequently, by

the sum of these two amounts compared with the stocks of commodities, so have the prices of the produce of our soil and of all our manufactures and imports been lowered—the amount in money of our national income has been in like ratio reduced—and with a fixed money payment out of that income for the interest of our debt and necessary state expenditure, there has been no surplus capital to put in motion the productive labour of an increasing population,—and even less so employed than formerly, causing that want of demand for labour, general distress, and pressure of taxation, we have experienced of late years.

Thus when the prices of commodities were low, the amount in money of our national income has been reduced, and when prices were high, that national income, in money value, has risen in proportion. As amongst ourselves, it has made little difference to us whether prices were high or low; in either case, with the exception of those receiving salaries or fixed money incomes, we have all remained in the same relative proportion as to

income ; further than, as before explained, when our national income has been high, the fixed yearly money payment out of it has borne a less proportion to the whole, and therefore has been more easily paid by us ; and then too there has been a greater surplus sum to put in motion increased productive labour ; and, still further, that fixed yearly money payment was contracted with high prices, and it is an act of great injustice to the nation at large, that now, with low prices and reduced money income, it should be yearly paid at a greater relative value than it bore, compared with our income, when that debt was contracted. And not only so, but the capital abstracted from trade and agriculture has been employed in purchasing the government permanent annuities, thereby raising their market price, and rendering the redemption of our debt more difficult and expensive to us.

But the advocates of the pernicious doctrines for low prices, to increase our export trade, state, that if we take measures to advance prices here, we shall thereby destroy the means

of our manufacturers to compete with foreign wares in other markets ; and cause besides a great influx of foreign goods into our own markets, that will turn the exchanges very disadvantageously against us.

It is not unlikely, if the prices of goods were raised here, as in 1825, from mere gambling in them, and so kept up for a time, that then there would be an increased importation ; but that is only a temporary inconvenience, which would soon cure itself, unless an alarm arose, and much capital was abstracted from trade, as in 1825, reducing the means of the importers of holding or selling their goods, and causing great loss and general distress. Yet this is not a probable circumstance likely to occur, with the disasters of 1825 still recent before our eyes. This objection, however, is twofold, and the one answers the other. For if there should be large imports into Great Britain that raised the exchange abroad, from the number of givers of bills on England, then, in proportion to that rise, would our manufacturers be enabled to sell their goods abroad at lower prices, and with equal benefit, as at higher prices and

with a par exchange. But that is not the way we reply to such objections.

Let us suppose, that notwithstanding the advantages more peculiar to England as a manufacturing nation, yet, from increased capital employed in trade and agriculture, our goods have generally advanced five or ten per cent. in price, in consequence of our wages being fifteen or twenty per cent. higher; and that the cotton goods of France and Belgium are landed at St. Petersburg at a less cost, say six per cent. less than those sent thence from England. The first cost of the raw material has been the same to both nations, as to England. Now the objection started would appear, at first sight, to be in that case a just one; but examine it further, and it will be found a fallacy. For the same causes that have advanced the prices of our exports—increased capital employed in agriculture and manufactures causing higher prices of their produce—have always, from the increased means thereby afforded to the great body of consumers, raised, in like proportion, the prices of our imports—of all commodities in England. The first post from

hence would state the advance in prices at our markets, and, from competition of capital, the prices of their goods at St. Petersburg have been always regulated by their probable sale in the English market, we being the greatest purchasers. Then, in that case, the proceeds of an export being only realized by the sale of the returns, though France and Belgium might sell their goods six per cent. cheaper in St. Petersburg, yet, the same causes not operating in the home markets of these two nations as in England, their returns would sell six per cent. less than in England; and as nations they could reap no greater advantages in the trade than Englishmen, getting six per cent. more in our market for their returns. Holland has large capital, but that only enables the importers to hold for their price; while it is the increase in the money income of the consumers at large in any country, that enables them, as in England, to give the advanced price. In each case it is only the exchange of like quantities of exports for like quantities of returns; and only, in the case of England, that exchange at higher prices in our own market.

But it may be further objected that the Russians can take the cotton goods of France and Belgium, giving bills upon England, and send their own produce to this market to get high prices, and pay these bills.

In that case the Russian would pay here $2\frac{1}{2}$ per cent. on the gross sales before charges were deducted— $1\frac{1}{2}$ per cent. *del credere* commission—and, besides the highest scale of rent, landing, and delivery charges, different from what an Englishman importing returns would have to pay, and different to what another Englishman, importing for the use of his own manufactory, and giving his bills to the English seller of cotton goods at St. Petersburg, does pay, from employing his own labourers, and his own warehouse, which might otherwise be unoccupied. Then the English importer, knowing his own market, as well as his customers, and suiting their wants, by selling in small parcels, can in general obtain a higher price, than the Russian sending his goods here on his own account. There are also the commission on paying the bills drawn, and—Russian produce being only in part sent to

London—the bank commission, and agent's commission in other parts of England, whence it may be shipped, for sending the proceeds to London to meet the bills drawn from St. Petersburg, always payable in London; while there is yet to be considered, that the buyer of cotton goods in St. Petersburg, and the exporter of Russian produce, are different capitalists, and that the latter must have a consideration for the use of his capital. Therefore the English importer of Russian produce as returns, or the Englishman importing for the use of his own manufactory, can afford to give a better price at St. Petersburg, by the difference of these charges, than the Russian importer into England for his own account can in general obtain here; and thus Russia could reap no benefit by taking the cotton goods of France or Belgium, and sending her own produce to England to pay for them.

Still it may be urged, that France and Belgium may sell their cotton goods at St. Petersburg, and take specie as returns. But they would soon find, that, if their demands for it exceeded what the currency of Russia could

well spare, the advanced premium paid for specie would soon absorb all their profits ; and, unless Russia could send its produce elsewhere to obtain the precious metals, such a trade with France and Belgium must cease. Moreover, no nation can take the productive labour of another country, but in exchange for its own ; and is always most willing to exchange with that country that takes most of its produce. And besides, France and Belgium want the naval stores of Russia, and send their own goods there for the purpose of obtaining them.

We are, it must be allowed, a nation that got a part of its wants supplied for a long time by sending the precious metals for them, as formerly in our trade with India. But that was when the Company's monopoly of the markets in India, by means of their last charter, prevented our sending our manufactures there to pay for its produce that we then wanted ; as we now bring gold and silver from thence as returns for our goods, in consequence of a monopoly of another description, if I may so call it, under their present charter—the monopoly of the whole lands in India, allowing

none but the natives to hold them, and preventing British capital and skill from being employed, with safety, in drawing forth its great produce and resources, to enable us still greatly to extend our trade there.

Let us again suppose that the cotton goods of France and Belgium are exported to markets out of Europe, six per cent. cheaper than like goods sent from England. But in this case also, the prices of foreign produce, obtained as returns from such places, are advanced in our home market from the same causes that have effected the rise in the price of our manufactures; and, in consequence of our laws, the French and Belgians cannot send their returns for sale here, unless they cease to give employment to their own shipping, and employ the vessels of the country, or British ships, to bring their returns to England; and, in doing that, they are subject to all the extra charges, as upon goods sent here by a Russian for sale on his own account—greater than the difference on the first cost of their goods exported and our's. For, if they are otherwise sent to England, they can only be landed in bond for

exportation, and not so as to interfere much with our home market.

On looking at the history of other nations, as well as of England, the general rule seems to be—that, in each country the quantum of wages given is according to the produce of its soil, compared with its population, after allowance made out of it for the state expenditure, debt, and the support of its church; and the price of that quantum, as will be afterwards shewn, is according to the amount of capital employed in holding that produce. Therefore, by the sum of these together, quantum and price is the amount of money wages in each country, and so also is the cost in money of their manufactures. And, in the particular application of this rule to the case of two nations, like France and England, sending their manufactures for sale to the same foreign market, the profit does not arise from the first cost being less in one of them from a difference in money wages paid, but from the difference in the number of hours and days' work required in manufacturing the goods, from the difference in each country of the cost of ma-

chinery, and of the power given to it, and from the difference in charges of carriage and transport to market—in all which, England, from her skill, and peculiar situation, can compete, with success, against the rest of the world—while our higher wages are paid out of the increased means of our consumers for buying the return goods at proportionate higher prices, arising from the same causes that produce higher wages here ; and thus our higher wages are no detriment to us in our competition in foreign markets. As the produce of our soil is decreased, and its value lowered, so are our powers of foreign competition lessened, from the diminished means of our consumers to buy foreign productions ; while, as from greater produce of our soil, and better prices for it, the means of our consumers are increased, so are our powers of foreign competition proportionably augmented—then we derive all the advantages our skill, situation, and improvements in machinery can give us—then, too, we have been enabled to pay our necessary state expenditure and debt with great ease, and have a surplus.

Apart from the dreams of political economists, low prices seem to have been the desire and claim of export manufacturers and merchants, myself one of that few, against the paramount interests of the many—the interests of the manufacturers, merchants, and dealers, in our internal trade, of the agriculturists, and of almost all the rest of the nation besides; and evidently too against our own true interests. For it seems to have been a desire to increase our foreign trade, which can only be done by our taking foreign commodities in return, and losing sight that it is a per centage trade depending on the sales of the returns; and if that per centage abroad be high, that other capital will be employed until the profits are reduced to the average of other trades; and losing sight, too, that if we sell our goods, taking bills to secure the market price abroad, still that price, we there get, must be regulated by the prices according to the state of our market at home, which another merchant can afford to give for the commodities of that nation we traffic with to be sent to England. And further, as before stated, if the commo-

dities we take be the surplus produce of their soils, the means we afford other nations for taking our manufactures are not confined to the higher price we can afford to give them for their goods taken as returns, but are increased by the greater value given to their produce remaining with them, from such a sale of the surplus.

Still it is proposed to abolish our corn laws, in order to lower prices still further, and so increase our export trade. That is to place the chief riches of England on a parity with those of Poland, the poorest nation of Europe ; and to place an effectual bar to any encouragement of the agriculture of our country. Perhaps, however, as good an answer as can be given to that proposition are the words of Doctor Adam Smith—himself an advocate for getting rid of the corn laws, in his just hatred of all monopolies, deeming them one ; from his never having considered the question of wages, otherwise than as a payment equivalent to the labourer's cost of necessaries, and from his never having rightly investigated the source whence such wages are drawn, nor their

increase with the growing produce of that source. He states—" The revenue which the
" great body of the people derive from land
" is in proportion, not to the rent, but to the
" produce of the land. The whole annual
" produce of the land of every country, if we
" except what is reserved for seed, is either
" annually consumed by the great body of the
" people, or exchanged for something else that
" is consumed by them. Whatever keeps down
" the produce of the land below what it would
" otherwise rise to, keeps down the revenue of
" the great body of the people, still more than
" it does that of the proprietors of the land.
" The rent of land, that portion of the pro-
" duce which belongs to the proprietors, is
" scarce any where in Great Britain supposed
" to be more than a third part of the whole
" produce. If the land which in one state of
" cultivation affords a rent of ten millions a
" year, would in another afford a rent of
" twenty millions; the rent being in both
" cases supposed a third of the produce; the
" revenue of the proprietors would be less
" than it otherwise might be by ten millions a

“ year only ; but the revenue of the great
“ body of the people would be less than it
“ otherwise might be by thirty millions a year,
“ deducting only what would be necessary for
“ seed. The population of the country would
“ be less by the number of people which thirty
“ millions a year, deducting always the seed,
“ could maintain, according to the particular
“ mode of living and expence which might
“ take place in the different ranks of men,
“ among whom the remainder was distributed.”

If to the argument in this extract there be added the price of the produce of the soil, as well as the quantity, and as it ought to be, *considering the fixed money payment out of the proceeds* for our necessary state expenditure and the interest of our debt—then the full force of this statement of Dr. Smith as applicable to the question of corn laws will be clearly seen.

Ancient Egypt flourished greatly and solely as an agricultural nation, until she became an object of desire and conquest by a wandering warlike people that overrun the country. They, ignorant of agriculture, and without knowledge

of the riches it affords, left the canals and dikes for irrigation, the labours of a long reign of sovereigns, to go to ruin ; and, with their decay, that country became impoverished and ruined. But within a few years modern Egypt, under her sagacious Pacha, is increasing rapidly in riches, and from the same causes that gave rise to her first prosperity.

Spain once stood high, but has gradually sunk in the scale of nations from the period her capital was taken from the agriculture of her soil, or at least not so directed as in other nations, to be employed chiefly in foreign trade and adventures. These gave in return gold and silver to great overflowing ; and though that trade somewhat enriched the colonies where the precious metals were raised, the mother country declined in the rank of nations—though the merchants of Cadiz got rich, their country became impoverished.

England, from her peculiar situation and natural productions, has flourished greatly as a manufacturing nation ; but without question it has evidently been the increase in the pro-

duce of the soil, and its price, that have given rise to the increase of her commerce, by affording the means of a sale for our manufactures, and a sale of the returns for our exports, without which that export trade could not have been carried on beneficially. And an opinion having been entertained, that it was our foreign trade that was the main spring, which gave rise to the prosperity of our country, thence arose, in part, the notion of our increasing our exports by forced low prices; and in doing so we have taken measures that have discouraged agriculture; by reducing the prices of its produce. With that reduction evidently our national ease and comfort has gradually decreased, notwithstanding a great increase in quantity by the official returns of our export trade, and notwithstanding too a great reduction in our taxation. We have for a great many years tried the effect of this doctrine of low prices, and each succeeding year finds us worse off than the previous,—certainly the labouring poor, the great body of the people are worse off—

and ask nine people in ten, and they will tell you that their experience in their own concerns proves it.

Surely there must be something radically wrong in that doctrine ; and if the mere outline I have given of a part of the commercial history of our country be a faithful one, and if I should succeed in shewing and producing a conviction of where the root of the evil lies ; then, by a change of our whole policy, there is yet much to hope from the great resources and energies, properly directed, of, I expect, our yet happy and prosperous country.

CHAPTER V.

Recapitulation of the Argument.

THE ideas I entertain of the cause of the difference in the wages of labour, in different countries at the same period, are spread over this too lengthy dissertation on the opinions of Mr. Senior, and what he states of those of others, to account for it. And, in conclusion, I recapitulate the whole of them together; adding a few observations that seem naturally to arise from the subject discussed.

The wages in a free country like North America, where the land is not yet wholly appropriated and occupied, I consider to be, that full share of the produce of the soil cultivated by the labourer, or its value in silver on the spot, which is equivalent to the advantage he would derive from working for his own

account in clearing fresh land, obtained without much difficulty ; and with little or nothing deducted from that full share for the exigencies of the Church and State. And the value of cleared land being, it is said, composed in three parts of the cost of wages of labour in clearing it, and the remaining fourth part of the original purchase money with interest ;—the labourer there will receive three-fourths of the produce of the soil, or its value in silver on the spot, less the interest on his wages advanced—and the capitalist the remainder, with interest on his advances included in it.

In other nations, where the land is already wholly occupied, I consider the wages to be, a certain proportion also of the produce of their soils cultivated by the labourer, or its value in silver on the spot, which is in general equivalent to his full subsistence and customary wants—his ideas of his wants changing with the increased produce of the soil, that being at one time an indulgence which from habit he subsequently considers a necessary want—that proportion varying in each country according to the productive powers of its

soil from natural fertility, or from art and skill employed in the cultivation of it ; and varying further as the demand for labour bears a proportion to the density of the population, greater or less, according as the quality of the food, and the wants or necessities of the labourers to which they have hitherto been accustomed differ, and are more or less easily obtained. But still that certain proportion being, I consider, more or less equivalent to the labourers' subsistence and customary wants, according to the deductions made from it for the different exigencies of each different State, and for the support of its Church.

This applies to all countries where the land is already appropriated. But in England there is, yet further, the deduction that is made from the English field labourers' just proportion of the produce of the soil they cultivate, as is caused from the denial to them of fair competition for employment wherever they may choose to go, by the effect of our poor laws ; and, as regards other labourers, the increase of their money wages in particular places, from the rights of corporate bodies to have

none but their own freemen employed, and from the privileges of particular more limited trades to employ none but their own journey-men and apprentices, or at least the combination of the journeymen to effect this.

The manufacturing labourer obtains higher wages, and properly so ; because with artificial light and heat he can apply more severe labour than can the field labourer in all weathers, during the light of the sun ; and higher wages also, in gratifying the taste, fancies, and habits of a large portion of the community, who can afford to indulge in them. Yet though higher, still the manufacturing labourers' wages vary more from the capricious demand of such taste, and fancies or habits, than do the husbandman's. But in all countries, upon the same principle mainly depends the money wages of all producers—upon the relative productiveness of their soils—and its value in silver on the spot. The proportion of the produce of their soil that the labourer receives in each country, as relatively to its productiveness, is plain, and has been easily explained ;—and the value in silver of that

proportion in each country, and consequently the amount of money wages, is as plain, and will be as easily explained hereafter.

It follows from this, that the productive powers of its soil and mines are the true source of the riches of our nation ; that the increase of this productiveness affords the greater means for purchasing the commodities of the manufacturing producers ; and again, their fuller employment, and their better wages for it, their better subsistence affords increased prices for the produce of the soil, to be expended afterwards in the general market for the benefit of all. In aid of this comes our export trade, not to get the precious metals, as Mr. Senior suggests, but to obtain some luxuries, and, more particularly, materials for reproduction ; and for the sale of the one, and the produce of the other when manufactured, the importers and manufacturers cannot look to themselves alone ; their chief dependence is on the means of the proprietors of the soil, and of those to whom they give employment, with whom remain still the chief bulk of the wealth of the nation. There can be no dura-

tion of export trade prosperous to the manufacturers, except the agricultural interests prosper also.

The government annuities, or public funds as they are called, are merely a part of the annual income of the nation mortgaged to the annuitants, and which chiefly arises from the produce of the soil. If it be said that the funds for the payment of these annuities are in a great measure drawn from duties on goods—then I affirm that is only another way of expressing the same fact ; for it is the sale of the produce of the soil that enables the parties to buy these goods. The amount of any stock, standing in the name of each individual in the public registers, is a mere expression of the amount of the annuity that is due to him. The public annuitants, therefore, are interested deeply in what may be the produce of the soil, and the amount of its sale ; for otherwise they will be the first sufferers. And equally so all the government pensioners. The whole public mutually depend on each other ; and to endeavour to separate the interests, as Mr. Senior and others are inclined to do, by advo-

cating the abolition of the corn laws, in order to increase our export trade, is equally foolish and unjust, as it would be injurious to all.

In stating all this, I do not know if I have started any new ideas on the subject ; and at any rate I cannot fairly pretend to give them as a new theory, for they are little more than a comparison of, what I consider, facts open to the observation of every body. I know little of the writings of others on the subject, and my surprise is, that Mr. Senior has not given my ideas amongst the theories of others to account for the difference of wages in different countries. Upon such subjects truth is plain and simple ; and, if not immediately seen, is readily found in the observation and comparison of facts, at our door, and before our eyes ; and no wonder Mr. Senior lost sight of it in going to look for it in the dark recesses of the mines of Mexico and Peru. There I should have deemed it prudent to leave him groping in darkness, but, that through a false medium, he has given erroneous representations of subjects of great national importance ; and as no one of greater ability seems inclined

to come forward to refute them, I have set to work with the best of my powers, not very great—yet enough, I think, to shew his errors on this occasion.

If my ideas are correct, as I doubt not they are, it follows that a debt of gratitude is not exclusively due, as Mr. Senior states, to Arkwright and Watt, whose inventions are alike the property of our foreign competitors as they are our own; or so much so, as to Francis, Duke of Bedford, to Mr. Coke, Lord Somerville, and others,—not forgetting my own well meaning countryman, Sir John Sinclair, whose exertions for the benefit of the nation remain a more exclusive, and more lasting advantage to us.

This is the sum of my argument on Mr. Senior's first lecture—yet before I close it, two questions seem naturally to arise from it. The first is, whether so much capital has already been laid out upon our soil, as that with any addition to it, its further productiveness would give no adequate remuneration? The second, whether our present restricted Banking system has not taken away the

accommodation, and excitement that was most wisely afforded to improvements in agriculture, or at least to the obtaining of a greater produce from our soil ? The second question comes more properly under the consideration of Mr. Senior's next lecture, and I have only now to consider the first.

Upon this point I need only advert to the rent paid in England for arable land, and that paid in Scotland, a less genial climate, and with generally a less fertile soil¹. The greater size of the acre, and without deductions

¹ An estate in Angus-shire of 1200 Scotch acres in a ring fence, was sold for 120,000*l*. The land was good, but not superior of its kind, and the family house was an old one, hardly habitable, and was taken down. The purchaser was a speculator, who after prices of land fell, divided the estate in two portions and got rid of them without much loss. The one portion turned out a bad purchase, the other a very good one ; and the rents now paid are together a fair return on the original cost of the whole. The scale of the value of land is the amount of its yearly produce ; there has been no such price for the like land in England, and making every allowance for tithes and poor rates in England, this sale is a proof of the greater produce of land in Scotland from superior cultivation.

from its produce for poor rates, or for the support of the clergy, which are chiefly paid by the landlords, may in part account for the higher rent paid in Scotland, but not wholly so. The land in Scotland is for the most part better cultivated, and yields more produce, than is generally obtained from land of equal powers of production, throughout all England. A Scotch farmer with a fourteen or, more generally, a nineteen years' lease, if he laid out money in the improvement of his farm, could make some sort of calculation upon getting back his principal and interest, with a remuneration for his risk and labours, during that lease ; and if an English farmer, with the payment of his poor rates and tithes upon an increased produce, yet with a less rent paid, might make a fair calculation of return, still there has unquestionably been a bar to the improvement of land in England, from the collision of opinion and of feelings about the immediate payment of tithes out of an increased production ; which, if justly considered, ought, in the first instance, to go in payment of the principal and interest ; and further, to the

extent of a fair remuneration for the risk of the outlay of money, which gave that increased produce.

That feeling has certainly been prevalent in England ; and whether any such calculations were generally made in Scotland may be doubtful, the improvements there having, in a great measure, arisen from the excitement of the times, and from a spirit of honest rivalry, with no such bar to it as there is in England. While, at the same time, the requisite outlay of money not being all made in one year, and a part of the return for it yearly accruing, the Scotch Banks have afforded facilities for this improvement to the farmer on a large scale, supported by friends, from their granting “ cash accounts ;” that is, allowing a party, upon the personal security of two other substantial persons, to overdraw his banking account to a stipulated amount, as his necessities might require it, or to pay in sums as his accruing means enabled him to do so ; a regular interest account being kept for and against him with the Bank.

The same may be hereafter obtained in

England ; but as one step at present towards the improvement of the soil in England, I am right heartily pleased to see a notice given in Parliament of a general commutation bill ; and I hope it may be carried into effect upon a very liberal scale for the benefit of the farmer, which will be no loss to the church. For it is notorious that the farmers in Scotland, or even in England, did not realize to themselves the profits they made in better times, the chief part of them was more generally laid out in further improvements of their farms, for the benefit of the landlords. And in like manner would the church be benefited by doing ample justice to the farmers. In the improved state of the land, it would only be a deferred payment, at no very distant period, to be then more fully made to the clergy.

With the same views I am well pleased to see the proposals of making allotments of waste land to the poor, that they may cease to be a burden, by earning their own livelihood ; and not only so, but in the improvement of the soil, adding to the riches of the nation.

London, June 1830.

PART II.

ON PAPER MONEY.

The authorities given in the notes to this part, for the opinions I have advanced, are all taken from the evidence delivered before the Commons' Committee of Secrecy in 1819, on the expediency of the Bank resuming cash payments.

CHAPTER I.

*On the alleged depreciation of Bank notes, as caused
by the over-issues of them.*

It is not necessary for me, as in the last, to go through all Mr. Senior's arguments in his second lecture "on paper money," founded as they chiefly are, on supposed cases that never have existed, and never can exist in the way he puts them. My object is, rather to shew some more of the practical uses and properties of paper money than he has done; in order that its advantages or disadvantages may be better understood, and the subject rendered more clear and intelligible.

But, first, I must explain the meaning I attach to the terms *currency*, and *circulation*, often confounded together. By the term *currency*, I mean either the precious metals coined, or their representatives, small bank notes, used as a measure of value, and to facilitate the daily national interchange of

our smaller wants, or to make up the broken parts of larger payments; still, forming only a part of the *general circulation*, which is chiefly composed of bills of exchange, inland and foreign, navy and army bills¹, larger bank notes, and cheques on bankers, used also as a measure of value, and to facilitate the sale and exchange of fixed capital, or larger portions of productive labour.

And it is further necessary I should begin by explaining my opinions as to the extent of the depreciation, at which bank notes are stated to have been during the period of their most extended circulation, as measured by our

¹ Mr. John Gladstone—"I think the circulation of Bank of England notes, bears a very small proportion to the general circulation of the country; that perhaps it is not one-tenth part of it; I include bills of exchange. I call bills of exchange a circulating medium or credit; they are transferred in payment from one to another, and as they are endorsed, the securities are strengthened by additional endorsements: they answer all the purposes of payment for goods."

Mr. Lewis Lloyd—"The circulation of Lancashire consists wholly of Bank of England notes and bills of exchange. I have thought the bills of exchange were to Bank of England notes as ten to one at least."

metallic currency. This depreciation is, by some who seem to feel the difficulty of the question, limited to a twenty per cent.,—that being the highest rate at which the foreign exchanges were against us, after deducting the expences of exporting the precious metals ;—but, by a few others is considered to have been the full amount of the difference in the prices now of all produce and manufactures, domestic and foreign, and what they averaged during the first fourteen years of this century, less the difference of war and peace charges on them.

In all science, in order to trace an effect up to its unseen cause, with a faithful comparison of the facts before us, one unvarying course of action must be discovered, before we can arrive at any just and satisfactory conclusion. With this in view, I take Lloyd's list, which twice every week gives the prices of bullion and foreign coins, if there have been any sales or alteration in the market for them, and extract these prices on the first Tuesday, or Friday in January, April, July and October in each year from 1796, as follows :—

GOLD PER OUNCE.						SILVER PER OUNCE.					
Year.	January.	April.	July.	October.		Year.	January.	April.	July.	October.	
	£. s. d.	£. s. d.	£. s. d.	£. s. d.			£. s. d.	£. s. d.	£. s. d.	£. s. d.	
1797	+ 3 17 6	+ 3 17 6	+ 3 17 6	+ 3 17 10½		1797	* 5 5	* 5 6½	* 5 1½	* 5 0½	
1798	+ 3 17 10½	+ 3 17 10½	+ 3 17 10½	+ 3 17 10½		1798	* 5 0	* 5 1½	* 5 1	* 5 0½	
1799	+ 3 17 9	+ 3 17 9	+ 3 17 9	+ 3 17 9		1799	* 5 2	* 5 3	* 5 3½	* 5 8	
1800	.....	.....	* 4 5 0	* 4 5 0		1800	+ 5 5½	+ 5 7	+ 5 10½	+ 5 7½	
1801	* 4 6 0	* 4 2 6	.....	.....		1801	+ 5 8	+ 5 11	* 5 10	* 5 11	
1802	* 4 3 0	* 4 3 6	.....	.....		1802	+ 5 10½	* 5 9½	* 5 6	* 5 6	
1803	.....	.....	.....	.....		1803	* 5 7	* 5 8	* 5 5	* 5 6½	
1804	.....	+ 4 0 0	+ 4 0 0	+ 4 0 0		1804	* 5 8½	+ 5 7	+ 5 3½	+ 5 1½	
1805	+ 4 0 0	+ 4 0 0	+ 4 0 0	+ 4 0 0		1805	+ 5 4	+ 5 3	+ 5 3	+ 5 5	
1806	.....	.....	.....	.....		1806	+ 5 6	+ 5 6½	+ 5 5	+ 5 4	
1807	.....	.....	.....	.....		1807	+ 5 5½	+ 5 5	+ 5 6	+ 5 5	
1808	.....	.....	.....	.....		1808	+ 5 4½	+ 5 3	+ 5 3	+ 5 3	
1809	.....	.....	* 4 10 0	* 4 4 0		1809	+ 5 5	+ 5 5	+ 5 6	+ 5 5	
1810	+ 4 8 0	+ 4 9 0	* 4 11 0	* 4 9 0		1810	+ 5 5	+ 5 6	+ 5 6½	+ 5 8½	
1811	+ 4 10 0	+ 4 14 0	* 4 15 0	* 4 17 0		1811	+ 5 9	* 6 2	* 6 1	+ 6 0	
1812	* 4 18 6	* 4 13 6	* 4 19 0	* 5 8 0		1812	+ 6 1	+ 6 1½	+ 6 2½	+ 6 6	
1813	* 5 6 6	* 5 5 0	* 5 6 0	* 5 9 0		1813	+ 6 6	+ 6 7	+ 6 9	* 6 11	
1814	* 5 10 0	* 5 6 0	* 4 11 0	* 4 5 0		1814	* 6 11½	+ 6 11	+ 5 11	* 5 8	
1815	+ 4 6 0	+ 5 7 0	* 4 16 0	* 4 5 0		1815	* 5 9	+ 6 9	+ 5 11	* 5 6	
1816	* 4 2 0	* 4 2 0	* 4 0 0	* 3 19 0		1816	+ 5 3	+ 5 2½	+ 4 11	* 5 0	
1817	* 3 18 6	* 3 18 6	* 3 19 0	* 4 0 0		1817	+ 4 10	+ 5 2½	+ 5 1	* 5 3	
1818	* 4 0 6	+ 4 1 0	* 4 1 0	* 4 1 6		1818	* 5 3½	* 5 4	* 5 6	+ 5 4½	
1819	* 4 3 0	+ 4 1 0	* 3 19 0	+ 3 17 10½		1819	* 5 5	* 5 6	* 5 6	+ 5 2	
1820	* 3 17 10½	+ 3 17 10½	+ 3 17 10½	+ 3 17 10½		1820	* 5 2	* 5 1	* 5 0	* 4 11½	

* Foreign Silver in Bars, standard.
† New Dollars.

* Portugal Gold in Coins.
† Foreign Gold in Bars.
‡ New Dubloons.



¹ These are the prices of gold and silver in bank notes, as they are to be found quoted in Lloyd's List, according to their several denominations of bullion and coins; and the price of one description not being invariably given, allowance for fineness must be made in making the comparison of relative prices at different periods. And to prove satisfactorily, that the Bank notes were depreciated from an over-issue of them, the highest prices of gold and silver *must invariably have been coincident with the most extensive issues of paper money.*

Now the extent of the issues there have been each year, or at particular times, of country bank-notes, must always remain uncertain. The estimate of them, founded on

¹ I have since found a more copious extract from Lloyd's List, in the Appendix to the report of the Lords' Committee of Secrecy of 1819. There the prices are extracted every week, while mine being on the first Tuesday or Friday in January, April, July, and October, there is a slight difference when these prices were quickly changing; but in other respects they both agree, except that I have given the prices of doubloons when they could be found, and when there were no other sales of gold.



DEPRECIATION OF NOTES

the distribution of stamps from the stamp office, and probable duration of a country bank note, is mere guess work ; altogether unfit for any fair comparison, or as a just ground of calculation—for there were periods when a large portion of their notes remained in the strong chests of the country bankers, and others when they were all issued¹. It must also be allowed, that even the statements of of the actual issues of the Bank of England cannot fairly be taken as the basis of an accurate comparison, without reference being had to the prices of corn at the like period,

¹ The account of the issues from the Stamp Office, and the calculations thereupon made, being shewn to Mr. Lewis Lloyd he stated, “ I cannot think they can be a true criterion ; a banker may have fifty thousand notes laying by him ; his having paid the duty, and having the notes ready, by no means prove their being in circulation. In a time of alarm, he takes care to have as much of them at home as possible ; in a time of prosperity and general confidence, he has no hesitation in issuing them on satisfactory security : but as far as I can judge, these returns only shew the quantity of notes created by him ; they may be all in his box, or they may be all in circulation.”

upon which the wages of labour, and the price of commodities mainly depend, and therefore the greater or less amount of currency required; nor as a fair basis of comparison, without the amount being ascertained of their notes held at different periods by the country bankers, never issued for use, but merely held as a deposit for their own security—the amount of them being always greatest in times of difficulty and doubt, when the issues of their own notes were the least¹. It is, how-

¹ C. C. of S. 1819. “Supposing there to be a want of confidence in a certain number of country banks, or failures actually to have taken place, might not these failures lead to the necessity, in your opinion, of an increase of Bank of England paper?” Mr. Lewis Lloyd. “Certainly, it is always required in such cases.”—Further, “So that a reduction of country bank paper might, and generally does, lead to an increase of Bank of England paper?” Mr. Lloyd. “Certainly, it requires it. The country bankers are obliged to keep a larger amount of Bank of England notes at a period when trade is in a state of stagnation, and prices falling:” and “the London bankers observe the same caution under similar circumstances.”

Mr. Vincent Stuckey. “We generally find, that if we have 20,000*l.* in circulation, 1000*l.* is ample in the coun-

ever, sufficient for my argument, that there have been periods, in the which the issues of country bank notes, and the general circulation likewise, are universally allowed to have been great ; and others, when they were very limited.

It is universally admitted, that the issues of country bank notes, as well as the whole general circulation, increased much from 1800 to 1810, and they are allowed to have been very

“ try to answer any demand for Bank of England paper ; if
“ a neighbouring bank should fail, or any extraordinary circumstance arise, we immediately increase our deposit of
“ Bank of England paper ; the communication with London
“ is now so immediate and rapid, that any very large amount
“ of Bank of England paper is found, by experience, to be
“ unnecessary ; certainly short of the amount which it would
“ have been thought prudent to have kept thirty years ago.”
—Again, “ I think in 1816 it will be found that the Bank
“ of England circulation was higher, or as high as it ever
“ had been, and that arose, in my opinion, from the then
“ discredit of the country banks ; we all, at that time,
“ instead of keeping a deposit of Bank of England paper of
“ one in twenty, kept three or four in twenty, for the whole
“ country was in a state of agitation and alarm ; we heard of
“ country banks failing every day, and that threw the
“ rest into disrepute.”

great in 1808 and 1809. The bullion report of 1810 refers to it thus :—" Your committee " are led to infer, from all the evidence they " have been able to procure on this subject, " not only that a great number of new country " banks have been established within the last " two years, but also that the amount of the " issues of those which are of an older stand- " ing, have, in general, been very considerably " increased." Yet, in 1808, and part of 1809, the prices of gold and silver in Bank notes were lower, than from July 1800, to July 1802, when the issues of paper money and the general circulation were much more limited than in 1808, or 1809.

During the panic of 1810, when twenty-six country bankers failed, and in 1811, the issues of country banks are universally allowed to have been very limited; and not only so, but the general circulation of the country likewise¹,

¹ Mr. John Smith. " I cannot tell when the circulation of country bank paper was at the lowest, but I presume about the year 1800, or some such time."

Mr. Vincent Stuckey. " Soon after 1797, if I recollect right, the circulation of country bank notes was very

very much below what they were in 1808 and 1809; yet it was in the latter part of 1809 that the prices of gold and silver in bank notes began to rise—or, as those who contend for the depreciation of the note, maintain that the bank note began to be depreciated—so continued to rise to very high prices through 1810 and 1811, and still gradually increasing, until they got to their highest limits in January, 1814; namely, 5*l.* 10*s.* per ounce for gold, and 6*s.* 11½*d.* for new dollars. The continued rise in these prices in 1813, and the early part of 1814, was certainly coincident with an universally allowed great increase of the issues of the country bank notes, and of the general circulation also ¹. The rise in their prices in 1817

“ low : it gradually got up again, till some time before the
“ year 1810 ; in 1811 it was very low.”

¹ Mr. John Smith. “ I think the circulation of country
“ bank notes must have been at the highest about the year
“ 1814, but I cannot speak with accuracy on the subject.”

Mr. Lewis Lloyd. “ I think, in the years 1813 and
“ 1814, the latter end of 1813 and beginning of 1814, the
“ circulation of country bank notes was at the highest.”

Mr. Samuel Gurney. “ Since the Restriction Act, I should

and 1818 was also accompanied with the like allowed great increase in the issues of country notes and general circulation¹. But on the other hand, the prices of gold and silver in bank notes fell from June, 1814, and fell rapidly 20 per cent., when in the last six months of that year there was even an allowed greater increase in the issues of country notes, and also in the general circulation, than there had been in the previous eighteen months, upon the excitement given to trade when peace took place, in order to supply the wants of the

“ think the amount of country bank paper in circulation to have been the highest in the years 1813 and 1814.”

Mr. Hudson Gurney. “ Subject to the uncertainty of what proportion of them might have been laying with our bankers in London uncanceled, it would appear that the year 1813 was that in which the Norwich bank had the largest issue.”

¹ Mr. Samuel Gurney. “ I should think the amount of country bank paper in circulation to have been the highest in 1813 and 1814, and afterwards in 1817 and 1818.”

Mr. Vincent Stuckey stated, that his circulation, in March 1816, being represented by 10, that of March 1818 was represented by 16.

continent; and again, their prices rose as rapidly as they had fallen the previous year, when a severe check was given to credit by Buonaparte's return from Elba, and with that rise in the prices of gold the issues of country notes and the general circulation began to decrease and continued to decrease until the bad harvest of 1816¹.

¹ Mr. Lewis Lloyd. "In some instances, the reduction in the amount of country bank paper in circulation, in 1816, and the early part of 1817, compared with 1813 and 1814, was one-half the issues of the bankers; it very much depended upon the credit of the banker; the credit of some bankers was above all suspicion, and maintained their circulation nearly at its height." The question being repeated, he said, "I can hardly say; I should think in 1816 it was reduced one-half; and perhaps that might be general."

Mr. Samuel Gurney. "From what I have seen of the funds of the country banks, I conceive they got low in 1815, and higher again in 1817 and 1818." Again, "I should think the country bank circulation was the lowest about July and August 1815."

Mr. Hudson Gurney. "It would appear that the year 1816 was that in which the Norwich bank had the smallest amount of notes out."

Mr. Lewis Lloyd. "Bills of exchange were certainly

From January, 1820, to January, 1829, the prices of gold and silver in bank notes remained nearly the same, or with little variation, though the issues of paper money had varied much in that time ; and, perhaps, the issues of country bank notes, and the general circulation of the country, were the greatest previous to the panic of 1825-6, certainly were very great, though the prices of gold and silver were then at the mint standard price.

In all this there is no unvarying effecting cause,—nothing to prove that the issues of paper money have affected the prices of gold and silver ; but, on the contrary, their prices in bank notes continued to rise, coincident with the very diminished issues of paper money, and diminished general circulation of the country in 1810 and 1811, perhaps the smallest during the whole period of the bank restriction ; and, further, the prices of gold and silver in bank notes were nothing like so high in 1817 and 1818, as they were in 1815 and the first

“ reduced in 1816, and the beginning of 1817, but in what
“ proportion I am hardly able to say ; they were very much
“ reduced certainly.”

six months of 1816, though the issues of country bank notes, and also the general circulation, were in the former period, according to some, 50 per cent., and by others, 75 per cent., more than what they were in the years 1815 and part of 1816 ¹.

There seems no connection whatever between the issues of paper money in England, and the prices of gold and silver; and it is a question how there could, by any possibility, be an excessive issue either of a metallic, or of a paper currency by *banking bodies*. Of the produce of all productive labour the precious metals are the most easy of transport, and the most unchangeable in their nature; and as bullion is used as a means of barter between two countries, the one of which wants the pro-

¹ Mr. Vincent Stuckey. "Our circulation began to increase in 1812, and continued increasing until the end of 1815: in 1816 it became low again; since that it has been annually increasing in the following ratio:—

" March, 1816	10
" 1817	12
" 1818	16
" 1819	17½"

duce of the other, and has nothing else to give that the other is willing to take.—And, further, the precious metals, capable of being divided and subdivided into portions, with the stamp of government expressive of their weight and fineness, serve as a measure of value and medium of exchange in the daily national interchange of our smaller wants, or to make up broken parts of occasional larger payments ; and for the latter purposes the improvements in banking have much superseded their use. Besides these wants and for the use of our manufacturers, gold and silver must remain a dead stock here, unless exported. If the prices of commodities should be high from scarcity, or from other causes to be explained subsequently, the amount of the metallic currency will necessarily be large ; but if the prices of commodities be low it will be more limited. And as the coins are not wanted for these necessary purposes, they will as certainly return to the source from whence they issued, as has lately been the case with the last issue of silver ; to the annoyance of the Bank Directors, and, seemingly also, still more to

the astonishment of the Master of the Mint, who thought fit to institute more than one serious inquiry upon the subject, and, with great gravity, assured the House for their information that he had done so, and could say it was really the self-same identical coin that had been issued from the Mint. This was, perhaps, in part resulting from the extension of the truck system; the surplus issue of sovereigns had previously gone abroad to pay for corn.

Bank notes, used as representatives of gold coin upon the credit of the parties issuing them, are under precisely the same limitations. If commodities are dear, their issue will be great; if cheap then more limited.¹ And as

¹ Mr. Vincent Stuckey. "If articles are very dear, it requires, in my judgment, a larger circulation to carry on the business of the country than it would when articles are cheaper."

Mr. Hudson Gurney. "The price at which the staple article of each district is selling, determines the amount of country bank paper in circulation; for example, I consider that our circulation would increase with a high price of corn, and would decrease with a low price of corn; corn being the staple article of Norfolk."

they are not wanted, they return as a matter of course to the parties who issued them. Uninformed people hoard gold ; but few hoard bank notes. There can be no forced issue of them, and, beyond the amount required for the daily national interchange of our wants, they cannot be sent out. Without a metallic currency, to that extent they must be issued, or much inconvenience and distress would arise ; and it will be seen from the parliamentary returns, that the issues of the Bank of England have, most generally, been greatest, subsequent to the withdrawing of the country notes, which has been variously commented upon, either in praise, or to the discredit of the wisdom of the Bank Directors, as it suited the views of the different parties on the subject. But, evidently, of necessity it was to fill up the gap made in the requisite amount of our paper currency ; yet more particularly to afford the very increased deposits, the country bankers deemed it necessary to hold in difficult times, varying from one and a half millions to five or six millions—a dead stock while they so lay—and for which no allowance is made

in the statement of the Bank of England issues, and in the comparison formed in Parliament of their relative amounts at different periods.

A government may issue its paper money, at a nominal value, in payment of the supplies it may require ; but, there being no power of compelling repayment, its real value will be found in the prices of these supplies, charged according to the state of credit in which that government may stand, as regards its revenue, compared with its expenditure, and the consequent chance there may be of the repayment of its notes.

To the extent of the necessary currency of the country, such a government may issue its smaller notes, and its larger notes also, as far as the general circulation may require ; and, taking them in payment of the taxation of the country, to be reissued for fresh supplies, may, as far as both these demands will fairly take off, effect such issues without loss or inconvenience ; and even with benefit to all parties. But beyond these, according to the extent of any further issues, will of course be the depreciation of that government paper money, each

succeeding one being at a greater depreciation than the previous; and not only so, but producing an equal depreciation in all the former issues. For such issues by a government, beyond the amount required as a medium for the daily national interchange of commodities, can only be held by capitalists upon their own terms; their computation of repayment with an adequate profit to themselves for their risk run, rendered more uncertain by every additional issue; and, if no capitalists can be found hardy enough to hold them, the depreciation must then be great. This is truly a depreciation of paper money; and to force out its notes is a most clumsy and most ruinous way for any government to raise a loan from its subjects, and to be resorted to only in a case of emergency.

The case is quite different with any chartered or private banking establishments. They require no supplies. Their issues of paper money can only be made to those who are perfectly willing to take them, on loans at longer or shorter dates, payable with interest, to form a fund to meet the losses the banks

may sustain on such credits allowed, and to give a fair profit for the risk they run. Their issues can only be effected to the extent that the currency and general circulation will take off, beyond that, their notes sent out as speedily return to them¹; and there can be no depreciation of their paper, plainly because it can be, and has been, returned to them in repay-

¹ C. C. of S. 1819. "Do you mean that the amount of the paper circulation must always be necessarily limited by the natural demands of commerce?" Mr. Hudson Gurney. "I do, for this reason; no man keeps country notes by him. If a banker improvidently issues upon loan, or in any other way, notes which are not wanted for the transactions of immediate transfer in his neighbourhood, they come directly to him or to his banker in London to be paid. I mean, for example, if my bank were to issue upon loan, to whomsoever should ask for them, 100,000*l.* in our notes to-morrow, I greatly doubt, if by to-morrow week, we should thereby have an additional note in circulation."

C. C. of S. 1819. "Have you not observed country bank paper, when it has been over-issued from any imprudent management, return very quickly upon the issuers?" Mr. Vincent Stuckey. "Generally speaking it is so; but some of it is, I think, absorbed by the rise of prices."

ment of their loans, at exactly the same value as that at which it was issued. There can, therefore, be no depreciation of bankers' notes, except by the insolvency of the parties who issued them, from their lending their credit to others who cannot repay them, and from their not having capital of their own, in reserve, to meet such losses.

The proofs of a depreciation of government paper money, such as I have described, are many. Mr. Senior gives several in his third lecture; but there is one that appears to me as more particularly in point. The Danish government carried its issues of paper money to such a foolish length, that at last 15,000 dollars of them were worth only 100 hard dollars. That government deemed it necessary to issue four times a year, a notice of the amount of the depreciation at which their paper should pass the following three months. Still, notwithstanding, it ever varied; while, as constantly, the notes of the bank of Copenhagen promising to pay in hard dollars, bore a steady relative value to the price of silver, because there was a power of compelling pay-

ment of their notes ; and, moreover, the bank of Copenhagen, having a large capital in reserve, ever ready to pay, rendered such compulsion unnecessary.

The compulsion against the English banking bodies to pay their notes, was the power of repaying the loans they gave, in the same notes, and at the same value as when issued.

The Bank of England made part of its issues upon loans to the public in the shape of discounts ; but the greater part in loans to government. Still the amount so lent by the Bank to Government, was not one-half the amount yearly raised by taxation, which could be paid by these notes, and the amount then returned to the Bank in their own notes, exactly at the same value, at which they were issued.

I may be blind ; but to contend that bank notes in England, under such circumstances, ever were, or ever could be depreciated by an over-issue of them, appears to me merely an attempt to argue a palpable impossibility.

CHAPTER II.

*On the alleged proof of the depreciation of Bank
Notes by the state of the Foreign Exchanges.*

It has been asserted, that the state of the foreign exchanges proves the depreciation of Bank notes, and clearly shews the amount of that depreciation.

Still exchanges presuppose exports and imports of different goods, not in the barter of each other, but effected by means of bills of exchange, representing their agreed value, and through the medium of commission merchants. A bill of exchange is merely the expressed amount of a deferred payment in another place, there to be made in hard money, or in what will buy a given quantity of hard money, to the order of the drawer. If England should import more goods from

the continent of Europe than she exports thence in value, there would be more givers abroad of bills of exchange upon England, than takers of them to remit for the proceeds of our goods exported. Of course the rate of exchange there would rise to accommodate itself to this state of things; and, as the foreign merchant will not leave his capital here, requiring it for fresh operations, the balance of these bills must be exported in gold or silver. That rise of the exchange would, therefore, be limited to the cost of obtaining the precious metals in England, with the charges of transport, and with a profit to the lender for the use of his money; as money must be advanced where there are more givers than takers of bills. The rate at which our money at the Mint price enters into their coinage being the par of exchange. And the standard of value in England being gold, if we require supplies from a country that has a silver circulation, and silver standard only, then in the charges of transport of our money to pay the balance of these supplies beyond the goods taken in exchange from us,

an allowance must be made for the expense of our sending our gold to a third country, that has both a gold and silver standard and currency ; in order to have it exchanged for silver, and the amount remitted from thence to make our payments.

Again : should England, suddenly and absolutely, require a larger amount of the produce of the continent than we can give them in value in our manufactures ; or in native or foreign produce that they are willing, upon so sudden a call, to take in return from us ; we can only get the produce of their labour, that we absolutely require—grain—by giving them the balance in the produce of labour of another sort, that they will take from us, the precious metals, valuable with them at the rate at which they enter into their coinage, *being the measure of value, at which they are willing to let us have our absolute wants supplied.* And if the precious metals have risen in price here, the engagement for the deferred payment in England, the bill of exchange, will, of necessity, be drawn in a larger sum of pounds sterling, the expressed medium through which the agreed

quantity of gold can be bought here. Therefore, from this immediate demand for them, the increase in the prices of gold and silver, with a short stock here, will be only bounded by the prices in this market of these our absolute wants beyond their cost abroad, after allowance made for all charges of transport, and a fair profit to the merchant importer for the risk and trouble of bringing them. No article of import, except one of absolute want, can raise much the prices here of gold and silver; for as they rise, the thereby enhanced cost of obtaining such articles will stop their import:—but to the imports of grain, for our necessary food, there can be no limits, short of the supply of our absolute wants; nor any limits to the rise of the prices of gold and silver here, until these wants are satisfied. And further, should there be, coincident with these our absolute wants of the produce of the continent, other circumstances, a foreign subsidy to be paid, or an army abroad to supply, causing a still greater drain of gold and silver from hence, their prices would be still further enhanced according to that

greater demand, compared with our stock of them.

It may be said, that by the practice of merchants, a purchase of grain need not be drawn for upon England, but for instance upon Paris, with a credit lodged there. But that could only be done to better advantage, in the case of France sending more goods to Prussia than she imports in value from thence : and if done, still we must export goods, or the precious metals to France, to the extent of that credit ; as we now send our gold there to get it exchanged for silver, and from thence pay our balances in silver that are so required of us. Therefore, unless our whole exports to the continent, collectively, are equal to the value of our imports from thence, the balance must be exported in the precious metals ; and the prices at which these are obtained here, with the cost of exporting them, form the scale of the rise of the exchange abroad.

The estimates that have been made by Mr. Senior and others of the enormous amount of the precious metals in the world, are, as re-

gards trade and the prices of them here, almost useless calculations. The amount in ornaments and plate, a chief part of these estimates, whether public or private property, is as much buried under the opinions and prejudices of the possessors of them, as if they were still deep in the bowels of the earth. What plate or ornaments were melted here when gold was at 5*l.* 10*s.*, and silver at 5*s.* 11½*d.* an ounce, to be replaced when they fell respectively to 3*l.* 17*s.* 6*d.* and 4*s.* 10*d.* per ounce? The duty and cost of manufacturing would have prevented it. In any country, the only precious metals, available for the purposes of its trade, are the rough bullion and foreign coin in the market, with its own coinage. A sudden demand for a fifth, or even a third of what we then had, was not an unfrequent occurrence in England during the last forty years, and of course the prices of gold and silver rose according to the extent of that demand.

With a metallic currency there cannot for some time be any material rise in the exchanges from the Continent upon England,

or, as it is called here, a fall of the exchanges upon the Continent, for there is that currency to be had for exportation at the Mint price, when the balance of trade against us requires it. There may be much distress felt here for the want of a circulating medium amongst ourselves, and hoarding as a consequence, increasing that distress; but until the chief part of our currency is exported, and a difficulty arises of obtaining the remainder, there cannot be any material rise here in the prices of gold and silver; and consequently, no rise in the exchanges abroad, beyond the expense of exporting them, and the risk, formerly, of acting contrary to law, limited by Lord Liverpool to one per cent. at most. But, without our having a metallic currency to afford the supply that the balance of trade against us required, and the Bank Directors, trusting to their restriction, not having had the wisdom and foresight to obtain a supply, when they could have done it to the extent merely of the export demand, the prices of gold and silver here have risen according to the demand for them, compared with the stock of bullion in

our market, and consequent upon it, the exchanges abroad.

An import of foreign grain has not unfrequently been effected to some extent, on a speculative apprehension of its being required, when there was not much gold in the market; but with limited prices sent abroad, keeping the exchanges from rising so high as the cost of exporting gold and silver; and, being spread over some months' space of time, the produce of their sales of corn has enabled the foreigners to take, for the time, in exchange, more of our manufactures; which the small rise in the exchange abroad enabled the manufacturing exporter to supply on somewhat easier terms. Still, a large and sudden demand for foreign grain, after a bad harvest here, has only been obtained by an export of the precious metals. We cannot induce the people abroad to take our produce and manufactures so readily, nor can they be so quickly prepared for export, as our absolute wants required to be supplied; but a part of the same gold and silver has returned to us, as the increased ability we have afforded to the foreigner has enabled him to

take, for the time, a somewhat larger quantity of our goods. This is the rationale of exchanges, and the history of our commerce for the last forty years, proves the truth of the observations I have made upon it; and not the depreciation of the bank note.

In 1796, we imported 879,200 quarters of wheat, and 801,373 quarters of oats from abroad; and in 1797, of wheat 461,767 quarters, and 609,119 quarters of oats. I have not the means of ascertaining what part of these was imported from places out of Europe. Our imports of grain in 1798 and 1799 from abroad were also extensive. To obtain these, and from other causes, there was a drain of gold from England, but no material advance in its price; for, even after the Bank restriction, there was yet the gold currency in the country to be had without difficulty. The price of gold rose in 1797 from 3*l.* 17*s.* 6*d.* to 3*l.* 17*s.* 10½*d.* per ounce, and foreign gold to 4*l.* per ounce, the difference being the premium paid for evading the laws against the exportation of our currency.

In consequence of the bad harvests of 1799

and 1800, for purchases of grain in Europe,—see Appendix, No. I.—of wheat alone 2,276,056 quarters, and 1,125,276 quarters of oats, and there being no increased exports equivalent to these imports in 1800 and 1801, there was another drain of gold and silver from England. And the old metallic currency having been, in a great measure, previously disposed of, there was latterly a difficulty in readily getting the precious metals; consequently, their prices rose from July 1800, to July 1802, from the balance of trade being against us; and they fell when that demand ceased in consequence of better harvests.

In 1805 there was a large import of grain from different parts of Europe, but there will also be seen an increased amount of exports in 1805 and 1806; which I presume was sent to pay for it, for there was no advance in the price of gold above 4*l.* per ounce, and the price then of silver rather fell.

From an apprehension of Buonaparte's prohibitory decrees forming an obstacle to future importations, there were large imports of various goods from the Continent in the

latter part of 1809.—For all the statements in this chapter, I refer to the abstract of parliamentary returns in the Appendix, No. I. There were also some imports of grain, and payments made in different parts of Europe for the grain imported in 1810. The exports of 1809 were unquestionably upon a very enlarged scale, yet not sufficient to meet the amount of the imports, with the payments then necessary for the imports of grain in 1810 added to them. There was a drain of the precious metals from England to pay the balance of trade, their prices rose here after the summer of 1809, and consequent upon it the exchanges abroad also.

The arrivals here of grain in the spring have most frequently been paid for by bills drawn the previous autumn at short dates ;—and these bills been met by the parties drawing on the corn factors until the grain arrives. The Bank Directors never have, and never can, by a restriction of their issues, prevent the exportation of gold¹. By throwing out such

¹ Mr. Jeremiah Harman. “ Any attempts to place the

corn-factors' bills, they may stop speculative prices upon a supposed deficiency of grain—as they have before done—perhaps, with a just and right view to their own interests ; still a most questionable measure, for many reasons, as regards the various great interests of the nation ; and there can, in my mind, be no question that the Bank ought not to possess such a power as it has by its charter from want of competition. But when there is a real scarcity, the Bank Directors cannot stop the export of gold to supply the staff of life ; and, even if they could, it would be as unwise, as it would be unjust and cruel. All they could then do, would be to throw the importation into the hands of great capitalists, who would require a large profit ; and out of the management of those who would be content with a much less one.

“ Bank in a better situation, by starving the circulation of
“ the country, have not been found to answer ; they gene-
“ rally increased the difficulty which they were intended to
“ remedy.”—Again : “ we have already seen twice, that
“ attempts of that nature were productive of more harm
“ than good.

In 1810 the amount of exports was less than in 1809; while in 1810 the imports were much greater than the previous year. Of wheat from different parts of Europe 1,310,972 quarters, and 115,903 quarters of oats—and there was a continued drain of gold to pay for them.

Moreover, in 1810 the effect of Buonaparte's prohibitory decrees was first severely felt. By means of simulated papers we could obtain all the supplies we wanted from the Continent, but at an enhanced cost; while the manufactures and produce we exported to a large amount, to pay in part for them, went nearly all to certain confiscation. There were then givers of bills abroad upon England, and no takers of them, even at a high exchange; there being few of the goods exported that were received, and realized by the consignees, and few bills therefore to send to England for their proceeds. At the same time, hostile armies were overrunning the Continent, causing the precious metals to be hoarded; while there was an increased demand for money to fill their military chests, causing then an advance in the price of the precious metals abroad, as

well as in England.—And, in addition to all this, there was our own army abroad requiring large supplies to be provided for it, by exporting money ; or by drawing bills on England at a ruinous exchange, from the imprudent way they were often sent into the market.

Our exports from 1811 to 1814 were upon a very diminished scale, compared with what they were in 1809 and 1810, particularly in 1811 ; but there were still the foreign payments to be made for our army abroad, that kept up the demand here for gold and silver, and consequently, their market prices advanced. And when these foreign payments were increased by the imports of grain in 1813, and by the preparations made for the still greater imports of grain in the early part of 1814, the prices of gold and silver advanced still higher—to the highest limits they ever were.

Though there was great difficulty and risk in exporting goods to the continent from 1810 to 1814, during the operation of the Berlin and Milan decrees, in order to decrease the drain of gold from us ; yet it was notorious that gold could be landed, with perfect safety,

on the neutral ground, as it was called, on Calais Green, except from the risk of seizure by our own cruizers. Said then to have been one of Buonaparte's strange notions of ruining England, by withdrawing all the gold from it. I doubt if he ever thought so ; but if he did, it is much akin to Mr. Senior's notions of enriching us, by our exporting our goods to obtain the precious metals.

With the means of exporting our commodities, consequent on the first occupation of Paris, in order to turn the balance of payments in our favour, the prices of gold and silver, in bank notes, immediately and rapidly fell. They rose again in 1815, after Buonaparte's return from Elba—not so much from a demand from the Continent from the state of our foreign payments, it was then said, as owing to the purchases of government to supply the wants of our army then embarked.

The prices of gold and silver fell after the battle of Waterloo as rapidly as they had previously risen. Then facilities were again given to our exporting commodities, in order to turn the balance of foreign payments in our favour,

which enabled the Bank Directors to obtain supplies of the precious metals ; and, but for their purchases, the market price would have sooner fallen to the Mint price.

The balance of foreign payments were again turned against us in 1817. In consequence of the bad harvest of 1816, we imported from foreign Europe 692,265 quarters of wheat, and 477,934 quarters of oats,—and then also began the large investments in foreign loans, from the tempting terms upon which they were contracted, causing a great drain of the precious metals from England. This was at first supplied by the two issues of sovereigns the Bank made, and the prices of gold and silver did not advance much. But the harvest of 1817 not being a good one, preparations were made for large imports of grain in 1818, and the prices of the precious metals rose. In 1818 we imported from foreign Europe 1,346,878 quarters of wheat, 896,796 quarters of oats, and 697,456 quarters of barley. The payments for these, and for the remaining instalments on the foreign loans taken by Englishmen, caused very increased foreign payments, pro-

ducing higher prices of gold and silver, in bank notes, until the good harvest of 1819, after which their market prices fell to the Mint prices, and have never since exceeded them.

Thus the history of our commerce affords striking evidence of one unvarying effecting cause for the rise here in the prices of gold and silver—the balance of foreign payments being against us arising either from the state of our trade, or from payments for our army abroad, but no proof of the depreciation of the bank note¹. To either one or the other of

¹ C. C. of S. 1819. “Did you ever observe what effect “the circulation of bank paper had on the foreign exchanges?” Mr. Samuel Gurney. “No, I never did: “perhaps that is saying too much, for I lately observed the “exchanges were the highest; that is, the most favourable, “during the great circulation of bank and country bank “notes; and what is very singular, have been gradually “falling as the bank circulation has been diminishing.”

C. C. of S. 1819. “Have you yourself observed that “the foreign exchanges have been materially affected by “the variation in the amount of issues by the Bank, or do “you infer it must be so from reasoning?” Mr. Samuel Thornton. “*I infer it from reasoning*, and am of opinion,

these necessities for foreign payments can be clearly traced every rise in the prices of gold and silver in bank notes ; and their highest prices were when these two necessities of foreign payments were united, and at a time there was no metallic currency here to supply such an increased demand.

But, lest there may be any doubt remaining on the question, I shall give an incontestable case in point.

For many years during the East India Company's former charter, and owing to the high price of foreign produce here, we imported, in value, much more from India than we sent to it ; that charter having formed the obstacle to our exports. There were in Calcutta more givers of bills upon England than there were takers of them ; and the consequence was, that the Sicca rupee, of the value of two shillings and a fraction of a penny at the Mint

“ that a variety of causes must contribute to give a favourable turn of exchange ; *it is certainly a matter of fact,*
“ that when the amount of Bank of England notes has
“ been high, the exchanges have still been in favour of
“ this country.”

price, exchanged there at *2s. 7d.* to *2s. 10d.* each. The balance of trade was sent in large exports of silver to India.

But shortly after the commencement of the present charter the case was reversed. In a few years the amount of our exports to India was doubled or trebled; with that increase the exchanges there gradually fell; and for many years the Sicca rupee has not exchanged at Calcutta for more than *1s. 10d.* to *2s.* each—seldom so much as *1s. 11d.* for good bills, even at six months' sight, or twelve months' date. Our exports to India in value exceed our imports; and large imports, both of gold and silver, from thence have been the consequence, to make up the balance of trade. Our traffic with India is now only bounded by the difficulty of getting returns, the most impolitic extra duty on East India sugar, one of the causes of it. And I cannot help repeating, that if British subjects were freely allowed to hold lands in India, as they ought to be, and British capital, skill, and industry, permitted to assist and direct the natives in the cultivation of the soil, our cotton goods exported

thence, greatly as they have increased, might ultimately be still further increased five-fold or more.

But with just as much justice might it be said, that the high exchanges in India, during the Company's former charter, were a proof of the depreciation of bank notes here compared with silver ; as that, owing to our large imports from the continent during Buonaparte's prohibitory decrees, and subsequently in 1817 and 1818, compared with our exports, and with other causes for foreign payments—the consequent high state of the exchanges abroad, proved the depreciation of bank notes compared with gold. The only difference was, that the exports of silver to India caused only a small temporary rise in the price of it here—that demand, compared with our stock of silver, having but seldom been very great. While the demand for gold to make up our balance of trade with the Continent, increased by the supplies requisite for our army abroad, by subsidies, and by the purchases in foreign loans, was infinitely greater compared with the available stock of the precious metals *then in*

our market. A considerable advance in the prices of gold and silver in bank notes was the consequence, and not a depreciation of bank notes.

The last parliamentary returns of the East India trade, published to the 5th January, 1829, shew, that of the exports to India and China, about one-fifth only was made by the Company, including their stores; while the other four-fifths of the year's exports were made by free traders.

Yet the returns of the official value of the year's imports, ending the 5th January, 1829, shew one-half of these imports as belonging to the Company, and the other half as made by private traders—involving, in my opinion, a great question, too long to be discussed here, of a breach of good faith on the part of the Company, if not in the letter of it, at least in the spirit of the agreement under which they got their last charter.

CHAPTER III.

Considerations arising out of the two foregoing Chapters, and in reply to the arguments of those who contend for the depreciation of the Bank Note.

MR. TOOKE's otherwise excellent work on high and low prices, seems to be considered, in parliament and out of it, one of the great practical authorities for the depreciation of the bank note, as proved by the state of foreign exchanges. He gives his argument thus :—" If
" there be standard gold for sale in the market
" which the holder of bank notes not convertible at the Bank can buy, the difference
" between the quantity which he can thus
" obtain, and that which the paper promises
" but does not pay, clearly constitutes the
" utmost limit of depreciation of the paper.

“ Gold is the specific thing promised ; and the
“ proportion of that specific article which the
“ paper can command is the measure of the
“ value of the latter. Now, by the supposi-
“ tion gold is not wanted at home, and there
“ is no market price ; for if it were, it would
“ be imported, and there would of course be
“ a price, and that price would be a test ; but
“ not being wanted at home, the only purpose
“ for which it would be required by the holder
“ of a bank note would be to make a payment
“ for a purchase abroad ; and the question in
“ determining the value of the bank note is,—
“ what quantity of gold it can command
“ abroad, allowing for the expences that would
“ have attended the transmission of a quantity
“ of coin or bullion from hence for the same
“ purpose.

“ Thus, suppose the exchange to be
“ 25 per cent. below par, bank notes for
“ 46*l.* 14*s.* 6*d.*, which ought to be equivalent
“ to a pound of standard gold here, will buy,
“ through the medium of a bill of exchange,
“ only .75 of a pound at Hambro’; but the

“ expences of transmission from hence being,
“ suppose 5 per cent. (and they exceeded that
“ proportion when the exchanges were most
“ depressed) if a pound of gold had been trans-
“ mitted from hence, it would only be equal
“ to ‘95 of a pound at Hambro’: therefore, as
“ the test of the paper is the proportion of
“ what it can effect, compared with what the
“ full quantity of gold, if obtainable on demand
“ for it here, would do : the difference of the
“ exchange below par, deducting from that
“ difference the expences of transportation,
“ will, in the absence of a market price for
“ gold here, afford, for all practical purposes,
“ an adequate criterion of the depreciation of
“ the currency. Thus, if the exchanges are
“ 25 per cent. below par, 5 per cent. being
“ allowed for expences, 20 per cent. will mark
“ the degree of depreciation of the paper be-
“ low what it would be if convertible on demand
“ into gold of the full weight and standard.
“ For it is clear, that in a convertible state of
“ paper, the maximum of the amount that can
“ be kept in circulation for any length of time

“ will be determined by the real par of exchange, minus the expences of transmission of the metals.

“ Consistently with the foregoing explanation of the sense in which I use the word ‘depreciation,’ as applied to the promissory notes of the Bank of England, there can be no difficulty in defining what is the proper meaning of an excess, or over-issue of them. These terms are relative to what?—most obviously to the engagement or condition under which the notes were originally issued, viz. : that of their being payable on demand in coin.”

Now, assuredly, this is altogether a mere *petitio principii*. It assumes, without proof or reason given, that the price of gold is the same at London, and at Hambro’, at the same period of time. It may, however, appear to others, as clearly as it does to myself, and as I have endeavoured to shew, that there has been a great difference in the prices of gold on the continent, and in England at the same time. Mr. Tooke states, “If gold were wanted at home it would be imported;” but to import

it, we must give gold's worth for it in produce or manufactures ; and it is only because the Continent will not take so much of these in value from us, as we sometimes are suddenly obliged to get of their produce, that the balance is required to be paid in gold or silver. We get from more distant markets the greater part of the precious metals that are raised out of the ground, yet these are not sufficient for our occasional wants ; and we cannot then get the remainder from the continent—for it is to the Continent we at that time are required to send gold—because they will not take aught else from us.

It may, however, be alleged, that if the price of gold here be advanced, say 25 per cent. beyond what it is upon the Continent, though the Englishman cannot then import it, still that the foreigner may send his gold here and realize that profit. But how is he to realize it ? If he proposes to sell his gold here, and get a bill upon the Continent for the proceeds, then the practical operation is, that he sells it here for pounds sterling, in which pounds the calculations of the exchanges upon

the Continent are made ; and it having already been shewn, that in the same proportion as the price of gold rises here, the rate of the exchanges upon the Continent fall ; therefore, of course, he cannot so realize the profit.

But it may further be said, that the foreigner can sell his gold here, and purchase our manufactures so much cheaper : then we reply, that the prices of our manufactures are expressed in pounds sterling—and, therefore, by a bill of exchange for pounds sterling, at the rate of exchange of the day, always proportionate to the advance here in the price of gold, he can better buy our manufactures, by saving thereby the expences in sending gold to England for that object.

The only way a foreigner can realize to himself this profit of 25 per cent., less the expences of sending his gold here, is to let his money, the proceeds, remain unemployed in this country until the price of gold here may return to our Mint standard price, and the rate of exchanges rise in consequence to par ; which not many have the ability, and a still fewer

number, with a regard to their own interests, have the inclination, to do.

At any rate, however, the question is certainly not what quantity of gold a bank note can command abroad.

The subject matter in dispute originates in our importing gold's worth from abroad, and giving a written agreement, of a deferred payment in England, expressing a medium that will purchase the like quantity of gold here, and a further quantity equal to the expences of transmitting it abroad, with a fair profit to the lender for the use of his money. The par of exchange, as before stated, is a mere expression of the relative worth of the coins of two countries trading with each other at our Mint standard price ; and the rise of the exchange abroad against England is a computation of what our coins can be got for here, with these expences added ; but that rise does not prove that the expressed medium, bank notes, through which the gold is bought here, is a depreciated one.

Again, a bill for 46*l.* 14*s.* 6*d.* on Hambro'

at par, expresses the quantity of their coin that forms our standard pound of gold; but to turn 46*l.* 14*s.* 6*d.* by a bill into their coin at 25 per cent. below par, or into one-fourth less of their coin than at the par of exchange, and to state that this bill will only purchase three-fourths of a pound of gold at Hambro' is no argument; it is only another way of shewing, lest any one should doubt it, how 25 taken from 100 leaves 75. It does not shew the cause, why the 46*l.* 14*s.* 6*d.* are at one time turned into Hambro' money equal to a pound of gold, and at another time into one-fourth less. Still less does it prove, that because the 46*l.* 14*s.* 6*d.* are turned into one-fourth less of Hambro' money, that therefore the bank note is depreciated.

But let us place this question in another point of view. A merchant at Hambro' sends goods to England which realize here 46*l.* 14*s.* 6*d.*, desiring that sum to be remitted to him in gold or gold's worth. And as the 46*l.* 14*s.* 6*d.* will only buy here .80 of a pound of gold, while the expences of sending it abroad are .5 of a pound, a bill upon Hambro' at sight is sent for the

proceeds, the 46*l.* 14*s.* 6*d.*, expressed in so much Hambro' money as will buy there $\cdot 75$ of a pound of gold ; that is, a bill drawn at 25 per cent. below par.

This is a less puzzling way of stating the same facts ; but neither that, nor the way in which Mr. Tooke puts the question, prove the bank note to be depreciated. But go a little further. Ask why the bank notes for 46*l.* 14*s.* 6*d.* will only buy here four-fifths of a pound of gold, while formerly they bought a whole pound ? Look into the facts, and find, that we have engaged upon the Continent to pay in England a large balance in gold ; and, from the demand for it, the prices here of the precious metals rise, the same as does the price of any other article for which there is an increased demand for a time. The price of gold in England is always expressed in bank notes. If, therefore, gold rises in price, a greater quantity of bank notes will be required to buy it ; and our foreign contracts for the payment of gold's worth in England being expressed in pounds sterling—that is, bank notes which promise to pay a pound sterling, *and*

have always paid it ; as many of these pounds sterling, as are required to buy the gold in England, and pay its expenses of transport, are exchanged against so much of the money of the country we traffic with, as was there required to buy the like quantity of gold we have contracted to deliver in England. This shews the price of gold has advanced here, and not the bank note become depreciated.

But I do not stop here ; may I not go further to state, that this argument of Mr. Tooke's is most logically to contend, that the minor includes the major—that the state of our currency regulates the whole of our circulation, though forming only a small part of it—that because the price of gold in bank notes rises, therefore all the national contracts are altered by that rise.

The argument, if good for any thing, would prove, that if A., on the 1st of January, 1814, lent B. a thousand pound bank note, when there was a market price of gold at 5*l.* 10*s.* an ounce, and it was worth, according to Mr. Tooke's views, only 70*7l.* 19*s.* 1*d.* in gold ; if

B. repaid the *same note* to A. in discharge of the loan, on the 1st October, 1814, when there was a market price of gold at 4*l.* 3*s.* an ounce, and of course, in the like view of the question, it was worth in gold 936*l.* 5*s.* 0 $\frac{1}{4}$ *d.*; then A. made a profit of 228*l.* 5*s.* 11 $\frac{1}{4}$ *d.*! and this profit, while the one thousand pound note, though on the 1st October, 1815, it would have purchased 75 ounces more of gold, yet of some commodities would not have purchased much more, and of a vast many others, increased in price by the demand after peace, could have purchased much less than on the 1st of January, 1814!!! It goes to prove, that,

'C. C. of S. 1819. " The price of gold in April, 1815, " was 5*l.* 7*s.* an ounce, and in April in the following year " it was 4*l.* 1*s.* an ounce, making a difference of 1*l.* 6*s.*; " supposing the average price of other commodities in the " country, as measured in bank notes, to have been the " same at these two periods, would you then infer, from " that state of things, that bank notes were depreciated in " April, 1816, as compared with April, 1815, in the pro- " portion of the difference between the prices of gold, " namely, 1*l.* 6*s.*?" Mr. David Ricardo, " Yes, I should." Again, " Though the price of all other commodities

if A. again lent B. one thousand pounds in notes on the 1st April, 1814, there being then a market price of gold at 5*l.* 6*s.* an ounce, and these bank notes, therefore, worth only 724*l.* 13*s.* 2*d.* in gold; and B. repaid the loan in bank notes on the 1st October, 1815, the market price of gold being then 4*l.* 5*s.* an ounce, and the notes worth 916*l.* 3*s.* 6¼*d.* in gold; then A. made a further profit of 181*l.* 10*s.* 4¼*d.* by the second loan.

If good for any thing, it further goes to prove, that a merchant owing 5000*l.* on the 1st January, 1814, and having, in his books at the same time good debts due to him to the extent of 15,000*l.* though, good easy man, he might reasonably think himself worth 10,000*l.* yet the market price of gold being then 5*l.* 10*s.* an ounce, and these debts being only “payable in notes that promised to pay in gold, and did not, and the proportion of that specific article which the notes could command being

“remained the same, as measured by bank notes?” Mr. Ricardo. “Yes, though the price of all other articles remained the same!!”

“ the measure of their value,” that therefore this merchant was in fact worth only 7079*l.* 10*s.* 10*d.*; and he, having the like balance in his books on the 1st October, 1814, when there was a market price of gold at 4*l.* 3*s.* an ounce, he became worth 9362*l.* 10*s.* 7½*d.*, an increase of 2282*l.* 19*s.* 9*d.* in the amount of his property in nine months! his transactions having remained unchanged in that period!! Still further, it proves that, with the same balances on his books the 1st April, 1815, his property became worth only 7246*l.* 11*s.* 8*d.* and on the 1st October, 1815, with the like debts due to him, he was worth 9161*l.* 15*s.* 2¼*d.*! Now, either I do not understand Mr. Tooke’s argument, certainly given in very plain language, or else these unaccountable incongruities are the result of it.

The point is this. Mr. Tooke begins by assuming that bank notes for 46*l.* 14*s.* 6*d.* promise to pay, *at all times*, a pound of gold; and he ends by stating, that is the foundation of his theory for the depreciation of the note. Unquestionably I agree that “ gold is the “ specific article promised to be paid by a

“ paper currency,” but how much? Upon that decision the whole argument rests. The bank note promises to pay “ one pound,” and the question is, what weight or amount of gold is that ?

This might have been settled in 1811, when a noble and witty lord gave notice, that he should require his rents to be paid in gold, had not the Act then passed, I will not state with much sound policy, yet certainly very justly, in the then state of things, so far as rendering bank notes a legal tender. It is quite evident from his giving notice, that Lord King had no desire of doing his tenants an act of injustice ; his motive was merely to bring a disputed question to a fair issue, an *experimentum crucis*, as Mr. Senior is pleased to call it. The contract for rents is in pounds sterling ; and the issue joined would have been how much gold Lord King was then entitled to receive. I fancy, in that crucible, his lordship’s views upon the currency would have all evaporated into air, and the true worth of the pound sterling alone remained in it.

Formerly, our currency was composed of

guineas, shillings, and pence ; while our books and accounts were all kept in pounds sterling, the payment stipulated for in all our contracts. There was great policy and justice in this arrangement. Sovereigns have now been substituted to perplex the subject ; and it has been reserved for later times to contend, that the sovereign, and the pound sterling in our accounts and contracts must, will, and shall be one and the same thing.

But guineas and sovereigns are mere bullion ; with only the mint stamp on them, expressive of their weight and fineness, still varying with the prices of bullion ; and we have seen, according to my ideas, a fall of $24\frac{1}{2}$ per cent. between the 1st January and 1st October, 1814, and another fall of nearly 20 per cent. between the 1st April and 1st October, 1815. Therefore, to have required contracts of deferred payment to be liquidated in such a varying currency, would have been most inconvenient as well as unjust. That had of old been foreseen, and the pound sterling substituted. Various opinions have been given what this pound sterling is.

I consider that, when the standard was silver, as the pound of silver was coined into so many shillings ; or since the standard has been gold, that, as the pound of gold, with alloy in it, has been coined into so many guineas—still merely bullion with their weight and fineness expressed : so the pound sterling is a contraction for the words “ the proportion of the same pound of gold, at the value at which it is coined,—the Mint standard price,” representing twenty twenty-one parts of the weight of a guinea at the Mint price ; the word sterling denoting that value. Dr. Johnson states, “ of this word many derivations have been offered, the most probable of which is that given by Camden, who derives it from the “ Easterlings, who were employed as coiners.” The guineas or sovereigns are still so much mere bullion ; Acts of Parliament have passed to make them otherwise, but they have been ever evaded ; the pound sterling is their coined value. To contend, therefore, that the pound sterling, or its representative, the one pound bank note, have at any time been depreciated, is to argue, that the standard was then altered,

and had varied from time to time,—an absurdity¹.

The standard may be altered from silver to gold ; or it may be depreciated by adding more alloy in the coins ; yet still the pound sterling remains the unchanging declaration of the

¹ Let us place this question in another point of view. The advocates for the depreciation of bank notes boldly ask, does not money rise and fall in price according to supply and demand, the same as any other commodity ? and there is no denying it. But then what argument do they raise upon such an allowed axiom ? Why this truly—that the bank note, the representative of the pound sterling, promising to pay a given quantity of gold, of a stamp specific quality, *and at a fixed stipulated value, the Mint price*, had been depreciated, and that this depreciation was measured by the market price of gold at the time, which remained without variation ; and it follows as a consequence, that they contend that the market price of gold regulates the standard Mint price, and not the standard Mint price that shews what amount the advance in the market price may be. They contend that the bank note, *only the mere token* of a given quantity of gold, of a specific fineness, *and of a determined price*, is nevertheless measured in value by the market price of gold, which their axiom asserts varies from circumstances affecting the supply of it. But a most important question should have been first settled. *What is money ?*

value of the standard, whatever it may be, the true measure of value and medium of exchange between gold and other goods, or between different sorts of other goods. This pound sterling is the most unvarying currency that can be conceived ; or that, by means of one pound notes representing it, can be put into practical effect ; truly an unvarying currency, and the part it has always acted in our books, accounts, and contracts, fully and fairly measuring and representing all our dealings, internal and external ; while our coins have risen and fallen with the prices of bullion, according to the foreign demand for them, as the balance of our trade required payments abroad. And can there be any doubt of it ?

I stop here to observe, upon Mr. Senior's allegations respecting the Bank restriction, and upon the conduct of Ministers in continuing it, —which he seems to represent as an act of great dereliction of duty—that, in my view of the case, it was an act of justice to give the Bank Directors, in 1797, a restriction, that prevented their being obliged, in order to pay

their notes, to buy gold in the market at a much higher price, had they gone into it, than the Mint price; the promised payment on their notes. Yet it would have been more politic, as well as more just, to have limited that restriction to the payment only of the proportion of gold that the market price bore to the Mint price, the value their notes promised to pay; thus, if gold were at 5*l.* 10*s.* an ounce, one hundred pounds would be paid in $70\frac{8}{10}$ sovereigns, which, at 5*l.* 10*s.* an ounce, make 100*l.* sterling. Under such an arrangement there would have been no demand upon the Bank in 1797 for gold, or at any other time, but what was actually required to be exported for the balance of foreign payments. That restriction was before my business days, and I can only state of it what I have learned from others. There would, with such an arrangement, have been no hoarding in 1797, from the alarm that arose from a temporary restriction of the currency below the wants of the public, in consequence of the guineas being then largely exported; and which ought to have been filled up by an increased issue of notes, while the Directors,

with a view to save their guineas, continued to restrict their issues, just adding fuel to the flame¹.

With such a restriction as I have stated, and with the payment of five hundred thousand, or, at most, of a million of guineas, the export demand would then have been satisfied; and their notes continuing to issue with a compulsion to pay the real amount in gold, that they promised to pay when issued, the Bank would have been obliged to seek fresh supplies. With a stock of coins equal to one-third of their issues, as a publicly acknowledged fund from whence any demand upon it could, and would be met, there could have been no material rise of the exchanges abroad; and, therefore, no difficulty in the Bank's forming or replenishing such a stock to supply the demand for gold, sometimes great, yet only occasional; and no difficulty could have been experienced, except indeed in such times as we had from 1809 to

¹ It has been said, that the Bank then restricted their discounts three millions in six weeks—five hundred thousand pounds less a week than they had been in the habit of affording to the public.

1814, not likely to occur again ; or in the event hereafter of our having two or three successive years of very deficient harvests.

But to return to my subject, those who, with Mr. Tooke, Mr. Senior, and others, maintain the doctrine of depreciation in bank notes from an over-issue of them, and that this depreciation is measured by the quantity of gold they can command, contend for this—that of the 185 millions paid into the Exchequer in bank notes, on account of loans, between the years 1809 and 1815, inclusive, in consequence of the market price of gold in those years, not more than 151 millions were in reality received—to be repaid now in 185 millions of a sound currency,—a loss to the nation of between 33 and 34 millions of money!!—they contend for all the strange and unaccountable incongruities I have before stated, and for many more equally, if not still more incongruous¹; but those I have stated are such as any plain man can judge of.

¹ It is most curious to observe the extremes to which the theorists are driven in support of their peculiar opinions.—Mr. David Ricardo stated to the Commons Committee of

Our understandings may for a time be puzzled in the mazes of these theories, but common sense tells us, that such incongruities never had any existence, but in the visions of political economists; and plainly so, for the reason I have before given, that, except for the private expenses of bankers, their notes were issued only in the shape of loans, and could be, and have been, returned to them on their repayment, at precisely the same value as that at which they were issued. Besides this, in whatever way we consider the subject—whether we look to the issues of paper money, and the prices of gold and silver, between which there is no

1819, “ *I think every tax has some influence upon the value of the precious metals, and either occasions their exportation or importation. I think that every improvement in machinery has a tendency to produce similar effects; but, as I have before observed, from whatever cause it may arise that paper exceeds the value of bullion, whether from the increase of paper, from the rise in the value of gold, or from any other cause whatever, it can always be corrected by a reduction in the amount of paper circulation.*”—Again: “ *It appears to me, that the balance of foreign payments is frequently the effect of the situation of our currency, and not the cause!!*”

trace of any connection whatever—whether, by all analogy of fair reasoning we examine and find there can be no excessive issue either of a metallic or of a paper currency, except forced issues of the latter by governments, but not so by their subjects—or whether we examine the true practical effect and operation of exchanges, and the results arising from our having a balance of foreign payments against us—there is no fair rational conclusion can be arrived at, other than, that by stating gold is at 5*l.* an ounce, we express that the market price has risen so much beyond the Mint price, and not that the bank note is depreciated.

This appears to me a clear, forcible, and undeniable truth ; yet I almost doubt my own firm convictions, from the great body of well-informed persons there are in the nation, and many high authorities, who still hold a different opinion. It is this feeling that has led me into so diffuse, and perhaps it may be said, in some respects, too minute a detail of my arguments ; yet it has been done with a view that no part of the subject might remain unconsidered, as regards the exchanges.

Of these high authorities, Mr. Huskisson has been certainly the most vehement advocate for a return to a metallic currency, and is looked up to as the redoubtable champion of such measures. Still he gives little argument in favour of them, and appears, in his speeches, to support them merely with general declamation, not very pertinent to the subject. Mr. Huskisson's opinions on the subject are given in very strong language, in his speech upon Mr. Davenport's motion, which he has published. Certainly an able speech, as regards his views of taxation, and as giving a clear and forcible exposition of the great advantages derived by the nation from the removal of unnecessary restrictions on its trade; and he enjoys much deserved credit from having, by his influence, as a minister, and by his talents, assisted in getting rid of them in opposition to old antiquated prejudices. But, otherwise, it is a mere counterpart of Mr. Senior's erroneous statements of the practical operation of exchanges, his views of the injurious effects of the corn laws, but in more guarded language, and his crude notions of forcing an export

trade by low prices—the two latter seemingly good in theory, yet still most pernicious doctrines, especially in a nation circumstanced as Great Britain is with so heavy a debt.

In that speech Mr. Huskisson states, “ I own, that I consider it as a preliminary to the efficacy of every suggestion of relief, that we should, if possible, pronounce ourselves so decidedly on the permanency of our present monetary system, as finally to set at rest all hopes and fears on this too long agitated question¹.” Again, he gives an extract from the Report of the Committee on Agricultural Distress, in 1821, as then recording his opinions, and ending thus, “ it is important to bear in mind, that the general amount and real pressure of taxation have been positively increased in the proportion of the improved value of our currency.” And further, in allusion to Mr. Western’s motion, in 1822, Mr. Huskisson states, “ Give me leave to add, that should you again, in an

¹ That is to say, in other words, that having fallen into a pit, we ought to lie close down in the mire at the bottom of it, as the best way of getting out.

“ evil hour, venture to debase your currency,
“ you will commit an act of fraud, at which
“ the finger of scorn will point for ever after,
“ as the hour of your shame and humiliation ;
“ and that the period will not be far distant,
“ in which you will deeply repent, but repent
“ too late, the irretrievable consequences of so
“ ruinous a proceeding.”

With the strong opinions I have given, I could not withhold this very strong language from the great champion of opposite views. Still it is not argument, but mere declamation, and such as it is difficult to reconcile with sound sense. “ Debase your currency.” Could even Mr. Huskisson’s acknowledged practical talents gain credit to such an idea ? A currency can only be debased by the government putting more alloy into its coins, and issuing them at the same price as before. Yet what, in the name of all fair and legitimate argument, and sober reason, has that to do with a question of the policy of a paper or metallic currency ? Mr. Western’s motion in 1822 was, “ that a committee be appointed
“ to consider the effects produced by the act of

“ the 59 Geo. III. cap. 14. on the agriculture,
“ manufactures, and commerce of the united
“ empire, and on the general condition of the
“ different classes therein, and to report there-
“ on to the house.” This was met by Mr.
Huskisson’s amendment, which was carried by
a majority of 194 to 30, “ That this house
“ will not alter the standard of the gold and
“ silver coins of this realm in weight, fineness, or
“ denomination.” Now, in my humble opinion,
this was just as much to the purpose, as if a
motion to enquire into the whole nature of
the civil list, strangely composed as it is, were
met by a resolution of the House of Commons,
“ That this house will not consent to make a
“ new King, nor to alter or diminish in any
“ way the political functions of his present
“ Majesty.” On that occasion, by the Times
report, Mr. Huskisson is stated to have
said, “ The basis of the question is no less
“ than the value of that standard of currency,
“ which regulates the great contracts of the
“ country, which constitutes the essence of all
“ engagements between man and man ;” and
the course recommended by Mr. Western, a

return to paper money—"the altering the
"currency would be subversive of public faith
"—would violate all the principles of justice
"and all the rules of right." However strange
this amendment may hereafter appear, simply
considered, as opposed to Mr. Western's
motion, yet I must admit that Mr. Huskis-
son's speech was in accordance, and in a
measure, a reply to the unfortunate line of
argument - Mr. Western then adopted, by
admitting the depreciation of bank notes;
still, nevertheless, both were beside the true
merits of the question that fairly arose from
that motion, and quite beside the true and
legitimate discussion upon the policy of a
paper or metallic currency.

Mr. Huskisson's speeches certainly evince
deep conviction, and a strong interest in the
welfare of his country; yet if it should ulti-
mately appear, as I doubt not it most certainly
will, that a metallic currency has been with us
a varying one, and paper money, engaging to
pay the *pound sterling*, the only unvarying
currency there can be, then the strong lan-
guage he has used, to say the least of it, must

also appear unnecessary and uncalled for, an error in judgment.

It was I think upon Mr. Davenport's motion that Sir Robert Peel stated, in effect, that we had arrived at a sound currency and must keep it. Sir Robert is powerful in talent, powerful in eloquence, and deservedly great in political power¹; but he still has forgotten another

¹ I may be told that the currency bill, with all its evils, of which I complain, is Sir Robert Peel's own child, and bears his own name. True, it so is called; but it is a doubtful and spurious offspring. Mr. Peel was then young in politics, and could have had no great practical knowledge; he merely assisted in bringing the labours of others into life, so gave it a name, and has since constantly taken care of it as his own. His father's tact and tried experience would most gladly have led him into a better course; and there was more than one honest and manly expression of regret, at the thought of running away from home; but then there was the delightful excitement in a flight, upon the powers of mind and imagination, after the false glare of the new lights; and, leaving behind them the beacon of experience, no wonder Mr. Peel lost his road to the truth, when older heads led the way. Mr. Huskisson, in his late printed speech, is anxious that the public should know the part he had in bringing about that bill, jealous, seemingly, of the honour of it; but I suspect, that

power,—one thing most doggedly powerful—the little word *if*. We must keep our currency—if we can. We may keep our monetary system, as Mr. Huskisson advises so vehemently, and as we have kept other systems, to their limited extent equally injurious, and perhaps more absurd ; but can we keep our money ? All past experience shews that we cannot.

We could not keep it in 1696. I go back so far to that year, not that the circumstances under which the nation was then placed, are altogether similar to those under which we are now suffering ; but because it was taken as a precedent by Mr. Huskisson in his speech upon Mr. Western's motion ; and because the history of it has not, I think, been fairly shewn. It was then stated that the whole currency in 1696 was debased ; but Sir Francis Burdett, I think, explained, that four millions were guineas of full weight, and that only the five millions of silver were clipt and debased.

before many years are over their heads, when we shall have had two or three successive good harvests, neither of them will be very anxious about that honour.

Now—apart from the petitions to Parliament and the discussions thereon, respecting an alteration in the standard, for which there was then just as little necessity, as there was for the like discussion in 1822—the people, I maintain, chiefly petitioned in 1696 for the debased silver being reissued, not as a measure of value ; but as a medium of exchange, for the want of which great distress was felt. And the cause of it is given in Evelyn's *Memoirs* : “ 14th June, 1696, want of money “ to carry on the smallest concerns, even for “ daily provisions in the markets. Guineas “ lowered to 22s., and great sums daily exported to Holland, where it yields more, with “ other treasure sent to pay the armies.” Here was an army to be supplied abroad, either by means of bills of exchange that required gold to be exported, and enhanced its cost here ; or else by treasure being at once sent, with the same effect upon the market ; and be it remembered, that this was one of the seven years of famine, with high prices of all commodities, and therefore requiring an increased amount of currency. The

evil was remedied by the new coinage, and by the peace of 1697, which stopt the drain of gold from the country.

We could not keep our money in 1783, a year of the largest imports of grain, there had then been, since we became an importing country. In the Secret Committee on resuming cash payments in 1819, Mr. Samuel Thornton was asked, "It appears by the evidence before the Committee of Secrecy in 1797, that the treasure in the Bank was reduced in the year 1783 much lower than when the cash payments were suspended, how could such a drain have taken place if the price of gold was never above the Mint price?" By the way, a very sage question. He replied, "Previous to the year 1783 the drain of gold was not taken out by the course of trade solely, but large sums were sent for the public service to maintain the troops in America." Here again, as in 1696, and from 1809 to 1814, and part of 1815, there was a drain of gold to supply our army's wants abroad; but, while it was afforded during the American war, and subsequently by the

Bank as it was wanted, there could be no material rise in the exchanges abroad, nor any alleged depreciation of bank notes; and only so from 1809 to 1815, when the demand for gold was greater than the supply, and the prices of the precious metals rose.

We could not keep our money in 1791 and 1792, nor in 1796 and 1797. We could not keep it from July 1800 to July 1802, nor in 1817 and 1818; and with our small stock of grain left, should the present harvest be a very deficient one, could we still expect to keep our gold in the country? Mr. Tooke has clearly shewn, from historical records, that, besides the seven years of famine from 1692 to 1699, there have since then been several periods of four and five years of successive bad harvests in England; as well as several series of eight to ten years uniform good ones. With good harvests there can be no unusual demand for gold to discharge foreign payments; but with a succession of bad ones, could we expect to keep a metallic currency, when all past experience shews that we cannot? In the fifty years from 1760 to 1810, there were guineas

coined of the value of 67,813,489*l.*, and what part of them remained in 1810? There was then not so much in the country in gold as there was in 1760—the whole was gone¹.

It may be alleged that France is also a country that imports grain largely at times, and without any effect produced by it upon her currency. But France and England differ in many respects. In the first place, France has not been under the necessity of importing grain so frequently, nor to such an extent as we sometimes have done; especially so, if the relative numbers to be fed in each country be considered.—Again: France with a large

¹ The quantity of gold coined from 1810 to the end of 1827, was 41,932,109*l.*, and I have little doubt that twenty millions of them were exported.—Again: “from the 2nd May 1828 to 31st December 1829, there were issued “by the Governor and Company of the Bank of England, sovereigns and half sovereigns to the amount “of 17,960,412*l.*; and received in the same period “14,759,820*l.*; balance issued 3,200,592.”—Parliamentary paper No. 42. Certainly not for an increased amount of currency, the constant falling prices of commodities, except grain, requiring less, but for exportation. See the cause of this afterwards.

population requiring it, and without banking establishments, has actually not only a much larger metallic currency, but, relatively to the amount of that population and to its commercial dealings also, I consider, a larger proportionate currency than we have, and can more easily for a time spare a part of it; or, at any rate, when the balance of her trade requires it, there is a greater certainty of the demand being supplied at the French mint price¹. And it is one of the disadvantages of our improved system of banking, that, while it economises the use of money, the loss of a part of our thus limited currency is more severely felt by us.

¹ Mr. Alexander Baring. "The amount of gold and silver circulating in France is estimated by the best informed persons, at about 1,400,000,000 francs," or upwards of fifty-eight millions sterling. Again: "in general, owing to a want of banking establishments, the coin in France is in greater abundance, in proportion to the means of its circulation, than in almost any other country, and it may yet be able to spare a considerable portion of it for the circulation of the rest of the world, if the system of banking and credit which is growing, shall make further progress."

It may be further alleged, that France paid an enormous amount in contributions to other states after the peace, without any advance there in the prices of gold and silver, and consequently without any great advance of the exchanges against her. But she effected it, by in part transferring the payment to each state into a permanent annuity to some of its subjects; the favourable terms on which the annuities were granted forming the temptation with these subjects to buy them. And the purchase money of these annuities¹, with a

¹ Mr. Alexander Baring. "In France, it appears by the report of the minister of finance, that there has been carried to the Mint in France, in the sixteen months preceding the 31st of December last, gold to the amount of 125 millions of francs, and silver to the amount of a little more than three millions; of that gold, upwards of three-fourths was in coin from this country; and this operation has continued during the present year, though the amount of importations for this year has not been reported. The proportion I allude to of the three-fourths was certainly in coin; whether any part of the remaining fourth may not have been coin melted in England before its exportation I cannot say, but I should rather think that was the case."

large part of her own currency, enabled her to discharge a considerable part of her foreign payments. But the want of her currency beginning to be felt in France—whether it was so intended or not I cannot say—yet, that want seeming likely to affect the credit of the Bank of France, or at least it was so alleged, the Bank took such steps as produced a mercantile convulsion, and occasioned the precious metals to be brought back ¹. Then

¹ Mr. Alexander Baring. “In the course of the last year, considerable difficulties existed with the Bank of France in its payments, arising from an imprudent issue of paper, at a moment when the contributions paying to foreign countries were operating; these circumstances brought the amount of specie in the Bank from 117 millions, at which it stood in the summer of last year, to thirty-four millions, to which it was reduced at its lowest; in the course of the winter, the Bank fearing an entire drain, drew in its circulation, which produced very considerable distress in Paris, and all over France; but it so recovered its bullion, which was, when I left Paris, again nearly at 100 millions.” Here I would ask, is there any necessity to account for the state of the treasure in the Bank of France, from an over-issue of its paper, when the cause is more readily accounted for from the

France, with them and with the remaining instalments due upon the sale of her annuities, was enabled to complete her contributions, from their payment being, by agreement, spread over a larger space of time, from nine to twenty-seven months, and without inconvenience. Mr. Baring stated, before the Committee of Secrecy, in 1819, that a large part of the coin brought into the French Mint in 1817 and 1818 was English money; and, in point of fact, the share that British subjects took of the French annuities, coincident as it was with our then larger payments abroad for grain, produced here a greater effect—a much

amount of payments France had to make in contributions to other states? Unquestionably, the issue of paper money, the creation of additional capital, would cause an advance in the prices of commodities, rendering a larger amount of currency necessary; and the sudden contraction of that capital must, as we have seen in England, have caused a far greater depression in prices, by which, no doubt, the Bank of France got back a part of its treasure. But should a government allow any banking establishment in its dominions to have such a power over the general credit of the nation, as to create so great distress amongst the people at large?

higher price of the precious metals, and consequent advance of the exchanges against us—than all the payments of her foreign contributions had upon the exchanges of France.

As a circumstance likely much to affect our currency, I must advert to our commercial dealings with the American states, yet I do it with considerable reserve, as I am not acquainted with that trade. Still it appears to me, that while we get annually 550,000 bales of cotton from thence—and we require that at least, or a like supply from elsewhere, besides other goods, and their foolish, and to themselves ultimately injurious tariff, prevents our sending our manufactures to pay for them—we can only get their cotton, so essential to us, by the annual payment of a large quantity of treasure, and which must, ere long, create a difficulty in our obtaining American cotton, while it may considerably enhance its cost.

I mention it, however, chiefly again to enforce the propriety of our taking, in time, wise measures, by such an arrangement of the Company's next charter, as are likely to lead

to the obtaining our requisite supply of good cotton from our own territories in India ; and that with a greater benefit to ourselves, by paying for it in our own manufactures without competition there with other manufacturing nations.

CHAPTER IV.

On some other of the uses of Paper Money than Mr. Senior has shewn; and its effects on the Manufactures, Commerce, and Agriculture of the Nation.

THE prices of commodities during the first fourteen years of this century, compared with what they have been in the last fourteen, cannot fairly be accounted for by an alleged depreciation of paper money, from its over-issue in the first period; and by a return to a sound metallic currency in the second. The prices were then, as now, expressed in the pound sterling, which I confidently assert has been an unvarying measure of value, as well as the medium of exchange for all things; and we have to seek for another cause for the difference.

The average price of commodities is the cost of the wages of labour in manufacturing them, with a profit to the capitalist for the outlay of his money in paying those wages; for if they did not sell for the sum of these, they would cease to be produced. The cost of wages has been shewn to depend, in a great measure, on the prices of grain. The prices of commodities must, therefore, be nearly as varying as are the seasons, with an equal amount of capital employed at all times. The average yearly Gazette price of wheat in the first fourteen years of this century was 90s. 4½d., and in the last fourteen, 58s. per quarter. Mr. Tooke, with all his errors, has, in his very instructive work on high and low prices, clearly detailed the seasons and crops for a period of upwards of one hundred and fifty years. From that work, there appears to have been more unfavourable crops in the first fourteen years of this century, than in the last fourteen; and there were also the greater expenses of importing wheat during the war—he states at one time 50s. a quarter, besides the higher limit at which it could be entered

here for home consumption ; instead of being, as now, admitted at all times upon the payment of duty.

These would, in a great measure, account for the lower average in the last fourteen years, but not, I think, wholly so. There is yet another cause for the lower price of grain, and of all commodities, in the quantity of capital employed formerly in holding the surplus stocks of them, compared with what there now is. Notwithstanding a less number of defective crops in the last fourteen years, still we have imported an equal quantity of foreign grain, besides a much greater supply from Ireland, than we got in the first fourteen years ; and, allowance made for diminished charges of import, the difference in the averages is to be attributed to the less amount of capital now employed in holding stocks.

If there should be 10,000 casks only of sugar in the market, requiring a capital of 200,000*l.* to hold them at a certain price, and the public, from a favourable opinion of the article, were willing to embark 50,000*l.* more money in it, they could not do so, without that

price being at once advanced twenty-five per cent. to give employment for that additional capital. And, on the other hand, should part of the original holders afterwards determine to take out 50,000*l.* of their capital, they could not do so, if there were not ready buyers to that amount, without the price being again lowered. The prices of commodities, at any one time, are bounded by the amount of capital employed in holding the stocks.

In practice, whenever the public are in the humour of laying out their capital in trade, or in holding stocks of goods, the prices continue to rise ; and, as they go on mutually exciting each other's hopes, the prices are carried beyond their fair level ; while, on the other hand, as the public take alarm, and they begin to withdraw their capital, prices fall, and they mutually still more excite each other's fears, driving prices unusually low. There are vast sums of unemployed money in the country, and when the capitalists have been thus inclined to lend to others, or to embark their monies in trade, or in holding goods—as they sometimes have been, when circumstances,

arising from the effects of varying seasons, a new found market, or other causes, promised to give life to their hopes—then have been the times of our alleged prosperity : but when such capital has been suddenly withdrawn, that has, chiefly, been the cause of those great depressions, under which we have at different periods suffered.

Much, then, has been said of over-trading ; —but is there reason for it ? In order to square falling prices and distress with theories and preconceived opinions, an alleged proof of over-trading is given, in the increased import of half a dozen or a dozen important articles of our consumption ; but is that logical or sound reasoning ? Our imports, except grain, are chiefly regulated by our exports, for which they are returns. We go on from year to year increasing our exports, to get raw materials for increasing reproduction, and for supplies for an increasing population ; and, on referring to the Appendix, No. I. the parliamentary returns shew, that there has been no great increase in our exports one year beyond another, but when we have exported largely

to pay in part for our necessary supplies of corn ; and in 1814 and 1815, when there was a rush into the foreign markets, to supply the supposed scarcity on the Continent upon peace taking place, from its having been so long shut up by Buonaparte's prohibitory decrees ; and these increased exports were, chiefly, of foreign and colonial produce. But people, generally, do not judge of the proportions of a statue of Apelles by the shape of the sandals, as the shoemaker did ; and it is not the import of a dozen, or two dozen articles, that proves over-trading. Our whole imports are only a part of our trade. There are also our exports, and our still greater internal trade, and all these must be given to shew over-trading. One part of our trade may be greater one year than the previous, but is the whole greater ? The increase of a part does not prove over-trading ; and still less does this alleged over-trading, in the way it is put, at all assist the argument for the depreciation of the bank note.

Further, taking off the amount of corn imported from the official statement of our whole imports, I cannot, for the periods for which I

have obtained them, 1814 to 1824, see any increase that could give cause for an assertion that there has been over-trading, beyond a five to a ten per cent. in one year, while our prices have varied 20 or 30 per cent.; except in the greatly increased imports in quantity in 1823 and 1824, and there has never been any alleged over-trading at that time; because, the then great abstraction of capital from holding stocks had so lowered prices, that there was no room for a fall; no very great issues of notes to be suddenly withdrawn, thereby further depressing prices, and rendering it necessary for these theorists to account for that depression by the plea of over-trading. And again, in the Appendix, No. IV. I have extracted the deliveries of such staple articles, as I could find in the statements the brokers published at the end of each year, and there it will be seen, that the prices have little connection with the deliveries or stocks remaining in bond.

But when prices of commodities began to rise, all the dealers and retailers were anxious to hold as large stocks as they well could, and

there was little left with the merchants, or manufacturers; and, when prices have fallen a little, or when they were low, with little prospect of their soon improving, the dealers and retailers first worked out their stocks, and afterwards bought only for immediate wants. Then there were accumulated stocks in the public warehouses, and, if at such a period, the prices continued to fall with the sudden abstraction of capital from trade, then there was said to have been over-trading.

Besides much other spare monies in London, and elsewhere, the great suppliers of capital, at different periods, for the purposes of trade and agriculture, were the country bankers, by the issues of other notes. To shew that these notes are capital, I have a great authority; that of Mr. Alexander Baring¹.

¹ C. C. of S. 1819. "Supposing the Bank to maintain
" 20 millions of notes in circulation, and supposing, in one
" case, that they issued 15 millions of their notes in loans
" to government, and five millions in the discount of mer-
" chants' bills; and supposing, in the other case, they issued
" 15 millions in the discount of merchants' bills, and five
" millions in advances to government, would not the com-

The Commons' Committee of Secrecy, in 1819, asked him, "In the case of the Bank discount-

"mercial world be accommodated, and their commercial transactions be facilitated in a much greater degree, in the case of their advancing 15 millions in discounts, than in the other, where it is supposed that they advanced only five millions in discount?"—Mr. Alexander Baring. "Certainly, there can be no doubt, that issued to merchants in the shape of discounts, is so much capital to them for carrying on their particular branch of business; if they have been in the habit of such facility, the withdrawing it would be attended with very considerable inconvenience to them; but, under every circumstance, the use of so much capital, whether given to merchants or manufacturers, or any other traders, must be a great facility to those to whom it is given; the same amount lent to government, would, undoubtedly, have the effect of increasing the amount of money generally."

C. C. of S. 1819. "Supposing an invariable sum of 20 millions was issued by the Bank, would not the same proportion of that sum be applied to the discount, whether it was issued in government securities, or in the way of discount on bills by the Bank?"—Mr. Baring. "I think not."

C. C. of S. 1819. "Supposing the notes to have passed through the hands of government into the general circulation, and that when in that circulation they are used by bankers in the discount of bills; in that operation do

“ing bills by the issues of its own notes to
“merchants, in preference to issuing them to

“they perform any other function than would be per-
“formed by a metallic circulation, which is that of apply-
“ing other capital, namely, the capital of these discount-
“ing bankers on a short loan to the merchants whose bills
“are discounted?”—Mr. Baring. “I should think no
“other.”

Then follows the question and answer I have given
above, and afterwards C. C. of S. 1819, “Does not the
“advance made by the private bankers in the discount of
“a good bill, operate equally as an increase of capital?”—
Mr. Baring. “Certainly; but I do not see how the private
“capital of that banker is increased or diminished by
“emission of the Bank of England capital being lent to
“government.”

C. C. of S. 1819. “In that case is not a capital pre-
“viously existing circulated by the notes originally issued
“by the Bank?”—Mr. Baring. “In that case certainly.”

It appears to me that Mr. Baring has answered the two
first questions very right, but that he, afterwards, seems
to incline to the opinion universally given to the Committee
by others, that it made no difference, whether the issues
of Bank of England notes were made in discounts, or in
loans to government that afforded private bankers the
means of discounting. Now I maintain there is a vast
difference. Unquestionably, the issues of Bank of England
notes are alike the creation of so much currency—so much

“ government, is that not an application of
“ capital, made applicable to commercial pur-

increased capital—whether they come forth for the public purposes in discounts, or through the government ; and the private bankers' means of discounting have been generally greatest, when there were the largest issues of Bank of England notes, though not always so. For the evidence given to the Committee by Mr. Stuckey, and others, shew that their deposits of Bank of England notes, in prosperous times, were small, and great during the times of panic and distrust—a difference then of, perhaps, three millions locked up in the country bankers' chests for their security in case of a run upon them, and of no other advantage to the public at large ; and thus the Bank of England's issues have sometimes been greatest after the panics ; still there is a vast difference in their effect upon the public at large, whether the Bank's issues are in discounts, or in loans to government. In discounts, it is the creation of so much capital with bills left as security to the Bank, which might not otherwise have been available to merchants and traders for their commercial purposes, during the time these bills have to run to maturity, and enabling them to hold easily their stocks of goods ; the prices of them being thereby maintained. Issued in loans to government, the notes enable the government to discharge its debts to its contractors of supplies, by whom they are paid into their private bankers, to furnish the means of paying their own debts ; the balance being left, with which the private bankers discounted

“poses, by supplying paper to perform the
“functions of gold, and thereby created and
“made operative to a particular purpose of
“facilitating and accommodating the mer-
“chants who employ it?” Mr. Baring re-
plied, “It is, undoubtedly, a new capital

more freely. In the latter case, it is value given for value; but in the former case, it is one security, available as capital, exchanged by the Bank for another security of not so current a value in general, and therefore, for the time the bill has to run, so much additional capital created for the purposes of traders at large. For in such a case, government can only be looked upon in the light of a great consumer, and not otherwise than as the public annuitant who goes to the Bank to get his dividends in notes, and expends them in the general market—only that the government is a consumer of infinitely more importance in that market. In the latter case, it is the government getting the notes to pay them to the few—their contractors; and in the former case, it is the Bank affording assistance to the many—the public at large. The first cause of the panic, in 1810, was unquestionably the Bank, as Mr. Thornton stated to the Committee, withdrawing their usual assistance from the many who needed it, in order that it might be given to the few; and at different times afterwards the Bank’s operations with government have much affected the interests of the public at large.

“ created, and operates as a capital to those
“ to whom it may be lent.” The capital thus
created, these issues of country bank notes,
have been estimated by persons, whom one
might have supposed to be the most com-
petent judges that could have been found;
yet, in their evidence before the committee of
1819, they gave the amount variously from
eighteen to forty or fifty millions¹.

¹ Mr. John Gladstone. “ I should conceive the circu-
“ lation of Scotland, being wholly the bank notes of the
“ country, is probably not less than from eight to ten mil-
“ lions; and if the Bank of England issues were taken at
“ twenty-six millions, the country bank issues might be
“ taken at forty millions.”

Mr. Lewis Lloyd. “ I have but one way of estimating
“ the country bank paper in circulation, knowing the
“ number of country banks, and giving to each a supposed
“ issue. I should say, in that case, that their issue might
“ be from forty to fifty millions; I may be very incorrect;
“ I have no other way of estimating, but giving to such a
“ number of country bankers a certain amount of issue, as
“ an average issue in prosperous times. I have known
“ very small bankers have an issue of from fifty to sixty
“ thousand pounds; I have known a small banker, in a dis-
“ tant county, have such an issue as that, in a place of

The estimates of the issues of country notes made in the Stamp Office, I set aside as wholly

“ comparatively no trade, among mere dealers in corn and cattle.”

Mr. John Smith. “ I am confident that the whole circulation of the county of Nottingham is under 500,000*l.* : from such data (a large and rich portion of the kingdom being destitute of any such circulation which bears on the question, namely, the counties of Middlesex and Lancaster, and the country within fifteen or twenty miles of London, and believing also that the agricultural counties require not so large a circulation as the manufacturing ones,) I apprehend that the circulation of the county of Nottingham, multiplied by thirty-six or thirty-seven, would afford no bad criterion of the circulation of the whole kingdom—about eighteen and a half millions.”

Mr. Samuel Gurney. “ Founding my estimate upon the issues of the county of Norfolk, which cannot be reckoned very certain ground, I should think the circulation of country notes was not far off thirty millions, at the highest point.”

Mr. Hudson Gurney. “ I consider that the very utmost extent which can be given to the amount of country bankers’ paper circulating in Great Britain, is twenty-five millions.”

The lowest estimate given is by Mr. John Smith, upon a calculation of the circulation of the county of Nottingham, estimated at 500,000*l.*, and multiplied by 36 ; but Mr.

delusive, though much relied on in the Lords' report ; for the difference in the issues between 1815 and 1818 they only state at one-third, while one great country banker, Mr. Stuckey, gave the particulars of his own actual issues in 1815 and 1818, shewing an increase of 75 per cent. in the latter year ; and besides, these Stamp office estimates, as I have before shewn, are throughout at variance with the evidence of practical men given to the committee. But all these practical men were agreed, that the amount of the country bank issues were very different, at different periods ; one year full one-half less than in another ; and such a decrease at different periods, in the capital created for the purposes of trade and agriculture, must have materially altered the prices of the stocks of commodities then held, sufficiently accounting for the great variations in prices there have been, and consequent distress throughout the country.

I therefore maintain, that such distress was

Vincent Stuckey stated, that his bank alone had at one time 350,000*l.* of paper money in circulation.

chiefly owing to the exclusive charter of the Bank of England, preventing our having had a banking system suitable to the wants of the nation ; and increasing the difficulties of that banking system which we then had. It is well known that the country bankers' notes were payable, upon demand, in the notes of the Bank of England ; and too much connected in its dealing with government, and hampered in the application of its resources thereby, whenever the Bank of England has deemed it necessary to restrict its issues, almost as certainly, as a necessary consequence, the country bankers have restricted their's also.

For the Bank of England restricted its issues by refusing discounts to the public ; and the country bankers looked to it, through the means of their correspondents and friends in London, for the discount of bills payable in London, which is now a pretty general practice¹,

¹ Mr. Lewis Lloyd. " There is a considerable amount " drawn in one town in Lancashire upon another settled in the " same county ; merchants in Manchester, for instance, sell " goods to the exporters at Liverpool, and draw upon them, " and the bills are settled there, but the principal part are " certainly payable in London, and discountable in London."

and which they had taken for issues of their notes, in order, in a great measure, to provide the Bank notes to meet cases of emergency.

The country banks have, usually, been most sparing of their issues when prices of grain were low, and credit bad amongst their agricultural customers¹; and increased them when the prices of grain were rising high, and consequent upon it, wages, and the prices of goods also, requiring a greater amount of currency; and when credit too was good, and a ready market found for grain, or other commodities, giving a greater certainty of the repayment of their loans at the stipulated time. But when, with such large issues of country notes out, the Bank of England much diminished the amount of its usual discounts, then the country banks,

¹ C. C. of S. 1819. "Were the amount of their issues
" influenced by the comparative credit or discredit of the
" parties, to whom the country bankers were in the habit of
" advancing money?" Mr. Lewis Lloyd. "Certainly; the
" customers of the banker are sometimes in better credit
" than others; and when they are in good credit, the
" country banker lends money to them without scruple;
" but if they are disparaged in their credit, he lends more
" cautiously."

for their own safety, diminished the issues of their notes also ; then too, the denial, to any great extent, of the usual accommodation the country banks had afforded to the public was talked of, and was the sure precursor of a run upon them. And those whose resources were locked up, and who could not get Bank of England notes to meet the demand, were ruined, by the ruin they brought upon their customers, from a forced sale of their properties to make their payments, for want of the customary accommodation ; and who otherwise might have paid them, without any sacrifice. All resulting from the exclusive charter of the Bank of England, from its having such a control over the whole credit of the country, and being at all times unable to maintain it.

Here I must state, that, in some of the chief commercial and manufacturing districts, banking business has been carried on upon juster principles : where the large dealings of those around them necessarily required banks, giving encouragement to men of large properties to establish them ; and the number of small profits

arising from the vast extent of their transactions, afforded these bankers a full remuneration, rendering them careless about the amount of the issues of their notes. But, as regards the whole body of country banks, their chief profit was in the issue of their notes, which they were anxious to increase, when they thought they could do it with safety.

I must also state, that in all this I attribute not the slightest blame to the Directors of the Bank of England ; an honourable body of men far beyond the reach of any thing I could state to their disparagement, except for their want of firmness in 1797, compared with what they shewed in 1783 ; and for restricting then their issues, when they ought to have increased them. I further believe, that the Directors have managed the Bank's concerns as wisely, and as honourably, as could have been expected from any men, under the difficult circumstances in which they were placed. It is really pleasing to see, when in 1819 a body of crudely formed, abstract doctrines were forced upon them, and which they could not well define, nor answer : yet, with what firmness

the major part of the Bank Directors then examined, opposed their own practical experience to the proposals of theorists for restricting their issues, in case they saw the public required assistance ; and they expressed their determination to afford it, even at a sacrifice of the interests of the Bank.

It is not with the conduct of the Directors that I find fault, but with the system ; an exclusive charter, giving the Directors an extensive power over the whole of the dealings of the nation, which they could not sway with benefit to the public, nor with such benefit to their own proprietary, as they might have done a lesser power. That extensive power they formerly had has been done away with, in a great degree, by the currency bill ; but the remedy has been found in starving the circulation of the nation ; and surely there is a middle way between the two.

It may now be asked, how has the capital been employed when it was at different periods abstracted from trade and agriculture ; and what has now become of it ? A great part was created by the issues of country bank

notes, and necessarily ceased to exist with their withdrawal ; and the real wealth of bankers, and other capitalists, was employed for interest in the purchase of government annuities and of the unfunded debt ; thereby, as the price of the former was enhanced from the continued increase of capital employed in holding them, heaping a still greater evil upon the nation, from the increased cost and difficulty of the paying off our debt by the commissioners. Whenever a panic has taken place, the first effect has been to lower the prices of the government annuities, from parties selling out to meet their engagements ; and the second, to raise their prices as the capital withdrawn from trade and agriculture was employed in holding these annuities. And thereby causing a diminution of the market price of interest, and of the yearly income of the nation ; while as invariably as capital has been thrown into trade and agriculture, its employment has raised the prices of commodities—the market price of interest also, and with them the yearly amount of the national income.

Now let us see how far all these observations I have made are fairly borne out by the commercial history of the country for the last thirty years. For this end, I first look to the history of two separate trades, taking the two best known to the public, from being often discussed—the glove and the silk trade; and then I bring under consideration the whole trade of the country, and its agriculture together.

When the alteration of the duty upon foreign gloves was proposed, the whole body of manufacturers came forward and made out a case, shewing it would be their ruin. The dealers and retailers believed them, or at least they would not buy until they saw the result, or until the prices got down as low as it was stated they would be. The consumption did not fall off; still, while the old stocks in shops were running off to meet the demand, the manufacturers had difficulty in making sales; their workmen had not full employment; and as, for the time, the same capital was not employed as before in holding the usual stocks, prices fell. It then really appeared, that the

case the manufacturers had attempted to shew was realized; and little did they think that they themselves were the real cause of it. For when the stocks of the dealers and retailers were reduced, and the demand for a fresh supply came, more capital was thus brought into the trade, and prices rose. The demand now goes on as before; and though the returns from the custom-house shew a large increase in the quantity upon which duty has been paid, still it may be questionable, whether that increase is greater than the quantity previously smuggled into the country. And there having been, from the change, an excitement amongst the manufacturers to compete with foreign goods, to please their customers, the trade is now as great, if not greater, than it ever was before.

As regards the silk trade, my calculations are made upon the stocks of East India and China silk, which remain in the Company's warehouse until taken out for use: while the stocks of Italian and other silks are chiefly kept in the private warehouses of the merchants, and are not to be got at so accurately.

But, as the East India and China silks delivered from the warehouses were one-half the whole quantity taken into consumption last year, they may surely be taken as a fair criterion for a right view of the whole trade. When the alteration in the duty upon raw silk was proposed, at the very injudicious request of the trade, the period for its taking place was, unfortunately for them, long delayed. To the settlement of the question of duty the whole trade was opposed ; as is invariably the case in every change, though for the benefit of most of the parties themselves ; so difficult is it to alter established habits and previously formed modes of thinking. Yet there were some amongst the objectors, who, whatever they thought of the measure as affecting their own particular interests, still were of opinion that it must extend the consumption ; and steps were taken by them to get an increased supply not only in Europe, but in the East Indies and China. But from the case made out to ministers, the dealers and retailers of the manufactured article had no other object than to run off their stocks ;

there were none of them inclined to hold fresh stocks, nor to buy, but for immediate wants. The manufacturers could not make sales without difficulty ; and they, and the dealers and retailers of the made goods, having employed much less capital in the trade than usual, prices fell ; while the greater supplies of raw silk, ordered from abroad, came forward, in part, before the alteration of the duty had actually taken place ; when the deliveries from the warehouses were very far below what they had been in previous years ; and from both causes the prices further fell miserably low, and these increased supplies came to very losing markets.

The stocks in the warehouses, on the 1st of July, 1826, were increased 70 per cent. beyond what they were on the 31st of December, 1824 ; and the deliveries in the first six months of 1826 were $60\frac{7}{10}$ per cent. less than the average deliveries of the previous three years, 1823 to 1825, for the like period. With greatly diminished employment for their workmen, there seemed as if a confirmation were given to the allegations of the trade, that the

case they had made out to ministers was then proved. But after the end of June, 1826, the deliveries from the warehouses increased greatly; and from the 31st of October, 1826, to the 1st of November, 1828, for the two years they yearly averaged nearly 40 per cent. more than the average deliveries of the three years 1823 to 1825 inclusive. With greatly increased employment given to the workmen to supply stocks worked out, advancing prices gave excitement to the employment of additional capital in the trade, from the dealers, manufacturers, and retailers holding larger stocks; and which carried the prices still higher from time to time. And on the 1st of November, 1828, the stocks remaining in the warehouses were decreased 44 per cent. below what they were on the 1st of July, 1826,—a demand greater than the average supply of previous years, fully realizing all the confident hopes that Mr. Huskisson had held out.

When, on account of the high duty, the silk trade was in the hands of a few great capitalists, and confined to particular spots, it not only gave them larger profits, but high wages

also to the operatives, which made them unruly; and the workmen would be masters with their book of prices. In consequence, manufactories were first taken out of Spitalfields into the neighbourhood of London; and, when the lessened duty enabled capitalists with smaller means to engage in the trade, increased manufacturing establishments were formed in different parts of England and Scotland.

Their book or rate of prices was the ruin of the Spitalfields workmen—they felt the change greatly; and in the latter part of 1828, supported by some of the old capitalists, who could feel too the loss the change had occasioned to themselves, yet could not see, or admit, the general benefit it had produced to the nation, they raised a clamour, and made an united charge against Mr. Huskisson's measures. The case they then made out—a true one as regarded themselves, but not true as regarded the trade at large—again raised doubts in the minds of the dealers and retailers; and they ceased to buy as usual. The demand for consumption was not decreased, only the stocks of goods being run out; and with con-

sequently less capital engaged in the trade, from there being no buyers except the consumers, prices fell considerably. The deliveries from the warehouses in 1829, though equal to the average deliveries of the three years 1823 to 1825, were still far below those of the average of the two years, November, 1826, to November, 1828; but the stocks of manufactured goods being much diminished by the latter end of 1829, the deliveries since from the warehouses have been on a very extended scale, much beyond what they ever were before, and beyond the average supplies of past years. And it is now said, how truly I know not, for I have not all the means of accurately ascertaining, yet I believe it, that our present scale of manufacture of raw silk is two-fifths to one-half of all that is produced, excepting that required for the internal manufactures of India and China ¹.

¹ The deliveries from the warehouses in 1830, have been nearly 25 per cent. more than the average yearly great deliveries from the 31st of October, 1826, to the 1st of November, 1828. This calculation is upon the number of bales, and the greater deliveries being chiefly of China

When the silk trade was almost a monopoly, there was no emulation amongst the manufacturers. A change of a few plain colours was nearly all that was yearly produced ; and no wonder females eagerly sought the better manufactures of France. But, now the trade is spread over the country, each manufacturer gives the whole energies of his mind, and talents, to compete with others ; and we have manufactured articles of an equal texture, and as tasteful finish, if not superior to the foreign productions.

I have gone into this long detail of the silk trade, not altogether for the sake of my argument, but, in part, to shew the benefits resulting from the repeal of restrictive duties ; and for this trade we are chiefly indebted to Mr. Huskisson. His measures were all unquestionably well meant, and for the greater part for the advantage of his country ; yet he destroyed much of their beneficial operation,

silk, small bales, the increase in the pounds' weight delivered in 1830, is not quite so great. The latter I could not so easily get at.

by his mistaken views, and plans, about the currency and low prices.

We now proceed to the consideration of the trade and agriculture of the country at large, during the last thirty years. The first ten years of this century have been considered the times of our greatest prosperity, and why? The amount raised by taxation was yearly increasing, from thirty-four millions in 1800, to upwards of sixty-three millions in 1809; an increased sum yearly taken out of the productive industry of the country, yet never felt; for besides an increase in quantity, the produce of productive labour had increased in a greater ratio of value. An unusual number of deficient harvests in that period, with the greater war expenses of procuring supplies from abroad, had caused high prices of grain, which formed a great excitement to improvements in agriculture; and thence resulted a larger produce from the soil, a great increase to the riches of the nation. Then there were the country banks continually increasing the issues of their notes, and the Bank of England also, though not in the same degree, creating capital for

holding the stocks of grain, and consequently producing much higher prices than had been obtained during the previous ten years. These higher prices of grain necessarily gave high money wages to the labourer, as the equivalent for his share of that produce, liberally afforded by the farmer while he was himself benefiting so much—the manufacturing labourer got also higher wages, proportionate to the enhanced cost of his wants, and to his more severe labour—the cost of goods was thereby increased, giving employment to a larger amount of the manufacturer's capital, and consequently there resulted a larger sum of per centage profit—and the dealers and holders of stocks of commodities got almost constantly large profits, as the increasing capital created by notes, and brought into trade, raised prices.

A very different aspect of things appeared in 1810. Mr. Thornton, in his examination before the Commons Committee of Secrecy in 1819, stated, perhaps unconsciously, the first cause of the panic of that year. He said, "The year 1810 was, I believe, one of the

“ years of the greatest exertion during the
“ war ; the amount of the unfunded debt was
“ thereby considerably increased ; and the
“ Bank, with a view to promote the public
“ service, purchased a larger amount of Ex-
“ chequer bills, reducing, in consequence, the
“ sum advanced upon discounts in a some-
“ what proportionate degree.” There was then
no reduction of the amount of the Bank issues
of their notes for the purposes of a currency,
rather an increase ; but there was that refusal,
for the time, of the accommodation to the
public at large, to which they had been accus-
tomed ; and therefore distrust created. The
country banks were caught with large issues
out, and with this interruption to their obtain-
ing immediate supplies of Bank of England
notes, in case of need. Then there were the
seizures under Buonaparte’s decrees, of great
shipments, made with simulated papers, to the
Baltic, and to the Hanse Towns, increasing
general distrust ; and besides a good harvest,
with falling prices of grain in the latter part
of the year. The country banks, in their
great efforts to decrease their issues under

such untoward circumstances, brought a run upon themselves; a good many were ruined, and most brought into discredit. Then with increased imports in 1809, partly to meet the previous great demand, and with this abstraction of capital from holding stocks, the prices of all commodities rapidly fell, and much distress and ruin ensued upon the country at large.

This great abstraction of capital from the purposes of trade and agriculture, caused a continuance of the same distress throughout the greater part of 1811; but the bad harvest of that year, and increasing prices of grain in the latter part of it, again raised the confidence of the country bankers in their agricultural customers; while the very late, and but indifferent harvest of 1812, with still higher prices, gave them greater assurance of safety in the issues of their notes; and which, they continued, notwithstanding the very abundant harvest of 1813, as the successes of our own army, and of the armies of our allies, produced constant excitement, and gave confidence to the continued increasing issues both of the country

banks, and of the Bank of England also ; which latter, for the first six months of 1812, averaged 23,123,140*l.* and 28,291,832*l.* in the latter six months of 1814. Here again, from 1812 to 1814, is another period of, what has been considered, great prosperity in the nation ; merely arising from the greater capital employed in its trade and agriculture ; or, in other words, may be stated as all the great benefits derived by a nation, from the constant increase in the creation of capital, which, for the purposes of trade and agriculture, these notes were, producing a surplus income, after payment of the interest of our debt, to give increased activity to the productive labour of the country.

Another great change, however, took place in 1815. The return of Buonaparte from Elba first gave a check to general credit ; and when this was partially restored after the battle of Waterloo, then followed a favourable harvest with continued falling prices of grain, destroying the confidence of the country bankers in their agricultural customers ; and superadded to this were the purchases of gold by the Bank. Mr. Thornton stated to the Committee

of Secrecy how the Bank effected them—" by " reducing its issues, either in government " securities or in discounts, or a proportion of " both." The Bank's purchases of gold were greatest in the latter part of 1815, and beginning of 1816. The Bank had given a statement to the Commons' Committee of Secrecy in 1819, shewing that the stock of precious metals in their coffers was represented in May 1815, by 420, and in October 1817, by 2350 ; and Mr. Harman being asked in 1819 by them, what the proportionate amount of treasure then in the Bank was, said—" I am not prepared to answer " that correctly ; but this I may say, at the " time we had the largest amount before we " issued the sovereigns to the public, we had " more gold than we had at any former period. " In 1816 we positively had more." Thus it appears it was in 1815 and 1816, the greatest purchases of gold were made by the Bank, and coincident with a panic, and great distress in the country. The reduction in the whole amount of the issues of their notes to the public by the Bank, did not exceed a million and a half ; and the gold was perhaps chiefly

provided, by a reduction of five millions in their loans to government ; still, at the same time, there was also an interruption to the accommodation the public required in discounts, and with the failing to them of that resource, in case of need, the country bankers were again obliged to reduce their issues too, which brought a run upon them ; and a great many who had not their resources available, were ruined ; and general discredit brought on nearly the whole. The consequent abstraction of capital from trade and agriculture, again caused extreme low prices, and distress throughout the country¹ ; but on this occasion the dis-

¹ C. C. of S. 1819. “ Do you recollect whether there “ was any great fall in the prices of goods generally in this “ country corresponding with the rise of the exchange in “ 1816—17 ? ” Mr. Jeremiah Harman. “ I believe there “ was a very considerable fall in the price of produce at “ that time : there was a good deal of commercial distress ; “ but it was commercial distress rather in the provinces “ than in London ; there were failures of several country “ banks, that created an alarm, and also withdrew the “ capital and assistance which had been afforded to persons “ to make purchases of grain in particular.’

C. C. of S. 1819. “ A great fall in the prices of com-

tress was greatest amongst the agriculturalists from lower averages of grain, than, with one exception, had been the case since the early part of 1799¹; moreover, aggravated, in 1816,

“modities did take place in the year 1797, and again in 1816: are you of opinion that in both these instances, the rapid diminution of country paper was one of the main and operating causes of the distress incident to that rapid fall in the price of commodities?” Mr. William Ward. “I should think so.” Mr. Thomas Tooke. “From the close of 1813 to the middle of 1816, the mass of the currency was undergoing a progressive and enormous reduction in nominal amount by the successive failures of the country banks, and the diminished issues of those that survived. The diminution in the amount of country bank paper between, or rather at the close of that period, I have heard computed at 20 millions; this is a computation, contained in a letter which I received about twelve months ago which may probably be beyond the mark.”

¹ C. C. of S. 1819. “Was not the year 1816 a period of very considerable commercial and agricultural distress?” Mr. Jeremiah Harman. “Yes; but as the distress was, as I have already mentioned, more confined to the country than London, it became difficult to administer relief; the distress was so great, that a gentleman could not raise 5000*l.* upon the finest estate in the kingdom upon mortgage; and in consequence of the distress, it appeared then, as it always does, that those

by the payment of rents calculated on the high average prices of the previous fifteen years.

The bad harvest of 1816, with the issues of the Bank, upon exchequer bills, again led the way to a revival of confidence, giving the country bankers, in the continued advancing prices of grain for a length of time, an increased security for the issues of their notes ; and the Bank of England issues were also increased in 1817. The harvest of 1817 was not an abundant one, and gave excitement to our export trade, to pay in part for the great purchases of grain we were obliged to get from abroad ; while the short imports in 1816 gave rise to somewhat increased imports of other goods, besides grain, in 1817 and 1818 ; and, for the greater part with profit to the importers, as the increased capital created with their notes by the country banks produced higher prices. Here again is a period of two years of national prosperity, chiefly from the influx of capital

“ who could best afford it, were least disposed to give assist-
“ ance ; they were driven as they thought, to take care of
“ themselves, and to keep a reserve in their own hands,
“ greater than they would have done in more easy times.”

into trade and agriculture ; but of short duration.

The first signal of alarm was at the October quarterly meeting of the Bank in 1818, when the governor, contrary to the opinion entertained generally by the public, was understood to have stated something to the effect, that if the Bank did not return to cash payments by July following, it would be no fault of theirs. And to follow up their intentions, the Bank drew in immediately a million of their issues, by restricting their discounts.

With that resource shut to them, and with large issues out, the country banks also began, as quickly as they could, to withdraw their capital¹; causing, in the early part of 1819, a

¹ C. C. of S. 1819. " You have said that the country banks rather reduced their issues from the month of July 1818—have the goodness to state the amount, and the cause of that reduction?" Mr. Lewis Lloyd. " I can only perceive the fact that there was a reduction in their issues." " Did that arise from want of confidence?"—Mr. Lewis Lloyd. " I think it arose from scarcity of money, greater applications to them for their notes, and these notes being carried to London, and exchanged for Bank of England paper, impoverished the country

great fall in the price of commodities, and much consequent distress ; while plain thinking men's minds were alarmed, and credit destroyed, by all the wild and visionary schemes brought in evidence before the committees of the Lords and Commons, upon the currency question.

In all I have stated, I think most fairly, there is seen one unvarying connection between the distresses under which the country has at different times suffered, and the operations of the Bank of England ¹—from the effect

“ banker, and he gave facility to his neighbour more “ guardedly.”—“ Does it happen that when distress or “ difficulty arises from natural causes, the country banks “ rather diminish than increase the amount of their circulation.” Mr. Lloyd. “ Certainly.”—“ And has not that “ the effect of increasing the depression of prices arising “ from natural causes ?” Mr. Lloyd. “ Certainly.”—“ Is there any difficulty at this moment in procuring discount in London upon good bills of exchange, and is that “ difficulty to be ascribed to any want of confidence in the “ bills, or to the present scarcity of money ?” “ Yes, very “ great difficulty. The very best bills cannot be discounted “ but in small quantities.”

¹ Mr. Alexander Baring. “ I recollect in Mr. Pitt's “ loans, in the early part of the war, the amount of foreign

they have had on the whole credit of the nation. Unquestionably, when the evil has taken place, the Bank Directors have done the utmost in their power to remedy it ; and it is not with them that the blame rests. It is in the system that lies the root of the evil, the Bank not being enabled, at all times, to uphold the credit of the country, with the very great increase in our commercial dealings during the last thirty years ; and their charter, (happily expiring soon,) preventing our having had a better system, and one more suited to our wants.

The harvest of 1819 was a full average one, and prices fell ; that of 1820 was still more abundant ; and those of 1821 and 1822 being also good, the Gazette average price each year was still lower than the previous ; until, in

*“ payments was always anxiously enquired after ; and it
“ was considered, that a payment of any sum abroad, was
“ of more importance to the lenders, than twice or thrice
“ the same payment at home, because they were aware,
“ from experience, that these payments forced the Bank,
“ under the then system, to a contraction of issues, and that
“ contraction of issues produced a scarcity of money.”*

1822, it was only 43*s.* 3*d.* per quarter, not one half the prices obtained on the average of the three years 1817 to 1819. And not only so, but for a great part of that time, farm-stock, and other productions, were at low prices also. Still neither these prices of farm-stock, nor grain, can be wholly attributed to over production ; but equally to the diminished capital in holding the stocks, compared with what there was in 1817 and 1818.

The harvest of 1823 was an indifferent one, and the Gazette average price of 1824 was 62*s.* a quarter, 50 per cent. advance on the average of 1822 ; prices which at last gave confidence to country bankers to let out their issues, they were tired of holding back so long. The great London capitalists, too, were tired of keeping their monies at low interest, or without interest for want of employment. I recollect well, that in the latter part of 1824, there seemed a feeling amongst them, that after so long a depression, there must be a revival ; and most goods, particularly colonial produce, as will be seen in the Appendix, No. IV., being at very low prices compared with the consumption, and

stocks remaining, many were induced to make purchases, as an investment for interest. This additional capital brought into the market, of necessity raised prices in the early part of 1825. Here I stop to observe, that Mr. Robinson's very able detail of the financial arrangements for 1825, by the theorists of the new lights, contemptuously styled the prosperity speech, was a fair and honest statement of all the great advantages resulting to the nation, from the then creation of increased capital for the purposes of trade and agriculture in 1824 and part of 1825. That that capital was shortly afterwards abstracted, and much distress ensued, was no fault of his; and unfortunately that abstraction, with its consequences, the reverse that shortly followed, with these contemptuous epithets resounding through the publications of the day, brought into discredit, and drove from power, a man of great eloquence, and talent for business, depriving the country since of his services. But to return to my subject.—This advance gave excitement to others to lay out their capitals in goods, still further enhancing the

prices ; until, at last, there seemed one general spirit of gambling in goods, and in the mining and different companies' shares ; and, for about a fortnight or three weeks after regular business hours, several coffee houses about the Exchange were crowded by brokers and others until ten o'clock at night, buying and selling the same goods over and over again. The first purchases were a prudent and judicious investment of money, in holding commodities which the previous abstraction of the capital formerly employed in holding them, had brought to such low prices ; and, besides the monies of capitalists, the country banks, by their issues, afforded increased means for it. But such a state of excitement as followed ; an eager and delusive pursuit of gain, fostered by bad and designing people, and increased by the examples of men who ought to have known better, yet were equally deluded as others, could not last. The first decline was but the immediate precursor of a most rapid fall in prices ; and great as, unfortunately, had been the advance, still greater was the reaction, producing general want of credit, and great distress. There have been several in-

different harvests since 1823 ; but this first attempt of capitalists, after the passing of the Currency Bill, to embark their surplus funds in goods, or to assist others in doing so, paying interest, having been most unsuccessful, (except to the few who first got in, and first got out of them,) general discredit ensued, which has never been recovered ; and it has not since been attempted. There was a willingness to do so about the time of Mr. Stephenson's escape to America, and again just before the French revolution broke out, last July ; latterly the country banks have not been in the same situation they once were, to afford the means for it.

I have gone slightly over the history of our trade for the last ten years, as it must be fresh in the recollection of every one ; and because I wish still to make a general comparison between that period, and the first ten years of this century, as a sort of summing up of my argument, upon the effects of capital employed in trade and agriculture.

From 1800 to 1809 inclusive, as I before observed, has generally been considered as the ten years of our greatest prosperity ; and so it

was, but for reasons different from those generally assigned for it. It has been generally said, that at that time, with the command of the sea, we had the trade of Europe in our hands; and that was the reason. But was it so? A somewhat different opinion may be entertained from what I have before generally stated of these ten years; and I now go into further proof. In the Appendix, No. I. the abstract of parliamentary returns exhibits the following:

	Total ex- ports. Official value.	Exports of foreign and colonial pro- duce. Official value.	Exports of British pro- duce and manufac- tures.		Total im- ports. Official value.
			Official value.	Real value.	
1800	34,381,617	11,549,681	22,831,936	36,927,007	28,257,781
1809	45,667,216	12,750,358	32,916,858	46,049,777	24,923,922
Average of the ten years.	33,598,638	9,304,758	24,293,880	39,075,711	27,260,683
1820	48,345,319	10,525,026	37,820,293	35,569,077	31,515,222
1829	66,072,164	10,606,441	53,465,723	35,212,873	42,311,649
Average of the ten years.	55,697,976	9,867,988	45,629,985	35,644,145	36,953,702
Increase in the last ten years.	65 $\frac{8}{10}$ per cent.	6 $\frac{1}{10}$ per cent.	87 $\frac{8}{10}$ per cent.		35 $\frac{8}{10}$ per cent.
Decrease	—	—	—	8 $\frac{6}{10}$ per cent.	

To the statement of the official value of our imports I attach little importance, varying

questionably, no other than that I have before assigned for it, when stating the history of these ten years—the greater capital then employed in trade and agriculture, that gave high prices to the produce of the soil, affording excitement to a spirit of emulation, kept alive by the premiums and encouragement of the agricultural associations, and to a constant continued increase of production, that added greatly to the riches of the nation. A capital afforded by the increasing issues of country bankers' notes, that gave the means of holding stocks of grain when the harvests were much more productive, and the means also of holding stocks of all commodities—thereby

labour, a good part of his profit—and by exerting his energies to suit the tastes of his customers, or to promote them, may obtain a larger profit than another; or one merchant, by constant attention to the due performance of the detail of his concerns, by closely studying all the variations in the markets, and by laying himself out constantly to obtain the best and most correct information, as to supplies and demand, for his own guidance, and that of his constituents, may turn his capital more frequently with a profit than another. Still, in any general branch of trade, the average per centage profit is that only, which is, at the time, obtained on capital generally employed in trade.

producing higher prices than could otherwise have been obtained, with a larger amount of per centage profit to the manufacturers and merchants—an increase of the yearly amount of the national income beyond the yearly increasing amount of taxation taken out of it—the constant increase of prosperity, and of all the great benefits to a nation, accruing from a continued creation of fresh capital.

But, on the other hand, from 1820 to 1829, with all the great increase to our foreign commerce I have shewn, there has been a constant yearly decrease of our national ease and prosperity, the effect of as constant a decrease of capital—all the evil effects to a nation of a decrease of its capital, and decrease of the amount of its yearly income ¹—this too,

¹ C. C. of S. 1819. “Do you not believe a diminished
“circulation in any country to be one of the most powerful
“causes of commercial distress?” Mr. Alexander Baring.
“*There can be no doubt of it; it would produce distress*
“*where it did not exist, and certainly must aggravate*
“*it where it did; provided always, that the reduction be*
“beyond what the situation of the country would fairly
“admit of.”

“Would not the same effect be produced by the reduc-

notwithstanding a continued reduction of the amount of taxation taken yearly out of that income—and all this caused by the currency bill of 1819, and by the Bank of England's exclusive charter, that has prevented our having a banking system suitable to our wants and necessities.

The great evil effects of that currency bill have been various, and these have been latterly increased by Mr. Huskisson and Mr. Senior's most pernicious doctrines of low prices, to increase our exports. I state some of them.

The issues of country bank notes were the creation of so much capital for the purposes of trade and agriculture. The issues of the Bank were also the creation of capital for the purposes of a currency—part lent to the government, to enable it to discharge its debts

“tion of the circulation to which the country has been
“accustomed, although larger than it had been at antecedent periods?” Mr. Alexander Baring. “*Certainly; the value of all commodities in the country accommodates itself to the amount of currency in usual circulation; if the amount of currency be reduced, it must occasion a fall in prices of all commodities, and distress to those who hold them.*”

to its creditors, the Bank holding exchequer bills to shew the amount so paid, the other part lent in discounts, to enable merchants, agriculturists, and manufacturers, to hold their stocks of commodities. I am well aware of all the difficulty of ascertaining what the amount of these issues formerly were, but we are officially told in Parliament, that they amounted to twenty-five millions more than at present they are. Then there are the seven or eight millions laying unemployed in deposit in the Bank of England, as Mr. Huskisson has stated in his printed speech. The first was a creation of capital, subsequently abstracted, and the second a further abstraction, at the same time, of a like sum to be unproductively employed in maintaining a metallic currency ; and whatever proportion the sum of these three together, with the additional capital bought into the public funds, and all formerly employed in trade and agriculture, bears to the whole present surplus stocks of all commodities, by so much are, of necessity, the prices of all reduced—the gross produce of the whole labour of the nation in money value reduced—and, after the

fixed payment out of it for the interest of our debt, for our state expenditure, and for the claims of our Church, there remain diminished incomes to every individual; but bearing hardest upon a growing population of labourers, and more especially upon the agricultural poor, there being no surplus, as formerly, to set in motion their productive labour.

And still further, independent of our vastly increased supplies from Ireland, with a less import of wheat, our total imports of foreign grain, of all sorts, have been greater in the last ten years, than from 1800 to 1809; yet, after every allowance made for the then increased war charges of transport, the average prices of grain, in the last ten years, have been far below what they were from 1800 to 1809, and without an equal diminution in the charges of production, owing to the diminished capital in holding the stocks the last ten years. This large import of grain, in the last ten years, compared with those of the first ten of this century, when there were a greater number of defective harvests, is a question of serious import. There is the increased population, but

then there have been the inclosure bills, and increased quantity of land cultivated since 1809, with the vastly increased supplies from Ireland, to provide for it. And if this increased import has taken place in consequence of a decreased production here, a decreased amount of the riches of the nation; partly arising from the great abstraction of capital now taken from agriculture, compared with what was furnished from 1800 to 1809; and in small part also from the want of excitement from agricultural associations, now wholly neglected when they are most wanted, from the discredit thrown upon them by the theorists of the new lights for increased exports at low prices; *it is a serious national question*¹. We have, un-

	Imports of foreign grain.		Imports from Ireland.	
	Ten years. 1800 to 1809.	Ten years. 1820 to 1829.	Ten years. 1800 to 1809.	Ten years. 1820 to 1829.
	Qrs.	Qrs.	Qrs.	Qrs.
Wheat and wheat flour	5,732,893	4,573,192	585,409	4,480,512
Oats and oatmeal . . .	3,335,747	5,148,781	3,066,099	12,995,769
Barley, barley-meal, } and malt }	313,985	1,464,634	141,830	740,936
Beans	101,057	430,709	17,243	78,063
Rye	362,184	210,569	3,234	3,992
Peas	182,819	221,610	6,327	18,416
From foreign coun- } tries, qrs. }	10,048,685	12,049,495	3,822,142	18,317,688
From Ireland	3,822,142	18,317,688		
	13,870,827	31,367,183		
		13,870,827		
	Increase . .	17,496,356	in the last ten years.	

fortunately heard much, of late years, of more being taken off the ground than was put upon it; a working of the land to sterility, from want of capital to manure it properly. I know very little of these matters, but the difference between a defective and an average crop of grain is not usually more than one-tenth;

There may be some difference in the above with the parliamentary returns, when furnished for the last three years; but not much, arising only from the uncertainty I am under, of rightly turning the cwts. of wheaten flour and oatmeal into quarters, as they are calculated on these returns, which as yet are only given in cwts. And the last few years the returns are in imperial quarters, while in the first period they are in the Winchester quarter; therefore the increase in the last years will be so much more.

The above is a most undeniable proof of the vast advantages derived by Ireland from its union with this country; and it is not only in the 30 or 40 millions of money that Ireland has taken from England, within the last ten years for grain, but also in the increased price afforded for what remains, by such a ready sale of their surplus produce; giving a great increase in rent to the landed proprietors there, and greater wages to the poor. Against this all the crude notions of Mr. O'Connell, and the other separatists, are as a feather in the balance.

and I question not, that the decrease of production, from the want of capital for manuring sufficiently, is equal, if not greater, than such a difference from the state of the weather. However this may be, there is no doubt, in my mind, that there has been a decreased production for want of capital for the purposes of farming—a decreased amount of the labourer's proportion of produce—as well as a diminished exchangeable value for that proportion, according to the diminished average prices of grain; consequently, much lower money wages. And not only so, but a further reduction in these wages from a confiction of interests with the farmer, suffering, too, from high rents, with a diminished value for the produce of his farm.

Then there are the manufacturing interests. If the exports of British produce and manufactures from 1800 to 1809, averaging in quantity yearly 24,293,880*l.*, were of an average yearly value of 39,075,711*l.*: then the average yearly exports, in quantity, of the last ten years, 45,629,988*l.*, ought, at the same prices, to have given, on the average, yearly employment to a capital amounting to 73,393,967*l.*

But the average yearly cost, or capital employed, has been only 35,644,145*l.*—a decrease of $51\frac{4}{10}$ per cent. in the average prices of the last ten years, compared with the averages from 1800 to 1809 ; and, consequently, a like comparative decrease in the manufacturer's per centage profit on the quantity of goods made. Part of this decrease in price is to be attributed to improvements in the skill of making goods, and a part to the proper deduction from the wages of labour, in proportion to the diminished average Gazette prices of grain ; yet still there has been a further part deducted from the wages of the poor labourer, and for which we cannot account with the same propriety. There is a striking proof of this. I have before shewn, that, during the last thirty years, every advance in the prices of grain has been followed by a subsequent increased cost of our exports of British produce and manufactures, the necessary consequence of a proportionate advance in wages, *except the last three years.*

Now between 1827 and 1829, there have been no improvements in the making of cotton

goods and twist, that could have diminished their cost, though there has been a reduction in the cost of the raw material. Messrs. Yates and Co., the Liverpool brokers, quote, in their monthly circular, four different prices of bowed Georgia cotton, the great staple article ; and these, taken from July, 1826, to July, 1827 give an average of 6*d.* 552 decimals ; and from July, 1828, to July, 1829, give an average of 6*d.* 127 decimals. And if the official quantity of cotton goods and twist exported, 33,182,898*l.* in 1827, with a price of the raw material of 6*d.* 552, cost 17,502,394*l.* : then the official quantity exported in 1829, 37,269,295*l.*, at a cost of 6*d.* 127 for the raw material, should have given a value of 18,382,707*l.* But their declared value was only 17,394,584*l.*—a difference of 988,123*l.* drawn from the wages of the poor labourer, certainly not from the profits of the capitalist ; immediately following, and doubtless the consequence of the withdrawing the country bank notes, the final operation of the currency bill. And not only so, but the like reduction in the cost of our still greater home consumption ;

and this, too, when the prices of grain were constantly rising, and higher wages ought to have been given, the average Gazette price of wheat in 1827 having been 56*s.* 9*d.* per quarter, and 66*s.* 3*d.* in 1829. The decrease in the actual value of the exports of other British produce and manufactures in 1829, compared with 1827, is in a still greater ratio, 1,178,663*l.*; but the prices of the raw materials of these, for both years, cannot be got with the same perfect accuracy as of raw cotton, to shew that this difference is equally drawn from the wages of the labourer; though I doubt not that for the greater part it is. Still there is this difference—say, to avoid dispute, taken both from the profits of capital, and from the wages of labour, and the same upon our home consumption—immediately following the final operation of the currency bill, when, according to all previous experience, the prices ought to have risen with the advancing prices of grain—a grievous hardship upon the great body of the people, the labouring poor.

In short, there has been a great abstraction of capital from commerce and agriculture,

from which has resulted a reduced quantity of the produce of the soil, and lower prices of all commodities ; *evidently* bearing hardest on the great body of the people, the labouring poor, from that reduction being chiefly taken out of their wages—an abstraction of capital that, by the consequent reduction in prices of all commodities, has lowered the amount in money of the yearly national income ; and after the fixed payment out of it for the interest of our debt and state charges, with necessary individual expenditure also added, leaves no surplus, as heretofore, to set in motion the productive labour of an increasing population, and hence results want of employment, and great privation and distress amongst the labouring poor.

Surely, under these circumstances, if half I have stated be true—and I merely express my honest conviction in stating that I believe the whole is truly given—that bill and its consequences are deserving the serious reconsideration of our legislature ; and it ought to be considered for still another reason.

Since the full operation of that act has taken place, we have had but indifferent harvests, in

consequence of which the produce of the soil has maintained tolerably high prices; therefore, a higher value given to the labourer's share of it, larger money wages—to the manufacturing labourers' wages in proportion to their more severe work, still not in due proportion to the increased prices of grain, consequently, a higher value to all commodities the produce of these wages; and altogether a higher amount of our national income compared with our fixed payment out of it, than we should otherwise have had, with wheat at 43*s.* 3*d.* per quarter, as in 1822. Yet, with all this, if, from the effects of the currency bill, we can now barely hold our heads above water, what will be our situation when we shall have experienced the full effects of that act, after two or three successive good harvests, which we have reason to expect, as the usual result of a series of years? It was in 1822, or in the early part of 1823, when Lord Liverpool stated in the House of Lords, that the grievous distress under which the agricultural interests then suffered, was owing to a succession of good crops; but not wholly so.

I think I have already successfully shewn, that it was equally to be attributed to the abstraction of capital from trade and agriculture, subsequent to the discussion of the currency question in 1819; depriving people of the means of easily holding that increased produce. And it is a hard and a painful saying, yet no less true, that, burdened as we are with a heavy fixed payment out of our income to meet the interest of our debt, and the expenses of our government, abundant harvests, the blessings of Providence, become a serious evil to us, by diminishing the amount in money of our national yearly income in a greater ratio, than the sale of the increased quantity of produce gives, while we continue the present restrictions on the production of capital to hold the stocks of that increased produce.

With one or two very abundant harvests, there can be no doubt that similar distress, if not greater than in 1822, will again be felt; when the present prices of wheat are driven down again to 43s. 3d., and even lower, as they certainly will be; consequently wages, and the prices of all commodities in proportion,

and the whole income of the nation reduced, by the united and continued operation of Mr. Peel's currency bill, and our present restricted system of banking.

CHAPTER V.

*On Banking, and in recapitulation and conclusion
of the whole argument.*

THE sum of my whole argument is, that the chief riches of a nation, and its income, as also the wages of the labourer, depend—not as Mr. Senior asserts, upon the quantity of the precious metals it can import,—but upon the productive powers of its soil from natural fertility, or from art and skill employed upon it; and that the addition to its income, from the capitalist's mere per centage profit on its foreign commerce, is of infinitely less importance¹,

¹ Venice prospered greatly and solely from foreign commerce, but chiefly as the traders and carriers for the rest of the world, while commerce was yet in its infancy; and the same cannot be accomplished again now that the people of each nation aim to be their own traders and carriers. Holland subsequently prospered in like manner; but, in

than the additional number of consumers such a commerce affords for the produce of the soil ; thereby giving greater excitement to increased cultivation, while, at the same time, such additional consumers give an enhanced price for its produce. Still its foreign commerce is of importance ; inasmuch as, with these other great advantages, a nation gets its home wants of manufactured articles supplied cheaper from the increased quantity made, by enabling the manufacturer to get a ready sale for his surplus productions in an export trade ; while it affords the means of getting raw materials for reproduction, at a less cost to the nation. And in a country burdened as England is with a heavy debt, there is, besides, a

the advance of commercial knowledge and national enterprise, it has fared differently with the latter state than with the former ; for Holland must still derive wealth from being the carriers and warehousemen for the supplies of Germany, greatly increasing of late years, and still capable of vast increase. The demand for labour on this account is also one cause of the higher wages in Holland than in Sweden, which ought to have been adverted to in the first part of this work.

very serious consideration—the price at which, after deducting the Church's claims, the produce of the soil sells, compared with the fixed money payment out of it, to discharge the interest of that debt, and the expenses of our government, so as to afford a surplus income to set in motion the productive labour of an increasing population. Further, in England there are the poor rates and tithes; not only, from the way in which they are now levied, a grievous hindrance to the increase of the produce of the soil, but unnecessarily taking a greater part out of it than they ought—out of the source that supplies the labourers' wages, and bearing hard on the great body of the community, the labouring poor; whilst the effect of our present defective banking system is to reduce the price of that produce; therefore, to reduce still further the amount of the labourers' money wages. And upon these three subjects I have, in conclusion, to make a few observations necessarily arising from a view of the whole subject.

If, in consideration of present feelings and long habit, we cannot at once get rid of the

poor laws, which would be a great blessing to the labouring poor, in so far as it would give them a fair competition for labour and better wages ; still there is much to be done in the way of mending them. First there is the assessment of parishes. I have in view a parish not far distant from Bath, where, a few years ago, a farmer took a lease upon a fair and just calculation with the landlord's agent of his various probable outgoings in tithes, poor, and county rates, reckoned upon what they had been for a series of years. For a short time all parties, acting with a mutual right feeling, were well satisfied ; but afterwards a manufacturer in the parish failed, who employed upwards of four hundred people, and the manufactory was shut up. When the farmer had to meet his landlord at subsequent rent day, he made no complaint of his contract, which had been fairly entered into, but he shewed, that he had already paid in additional poor rates, nearly the whole sum he had to give for rent. This is a case peculiar in its extent of evil, but not singular as to suffering in a lesser degree ; and surely an assess-

ment for the poor upon the hundred, or by a county rate, would be more adviseable ; giving the labourer at least the range of the county for competition for labour, instead of his parish.

Again, it can make no difference to the landlord, whether he pays the assessment for the poor himself, and receives a proportionate higher rent from the farmer ; or whether the farmer pays it, and gives him so much less rent. But there is much difference whether the landlord does, or does not his duty, in the face of his God and his country. The labourers must be paid fairly for their labour, at least a full equivalent to their subsistence and necessary wants ; and if past work, must be provided for out of the funds of the rich ; and unquestionably the farmer is not the most eligible channel through which the payment should be made, producing a confiction of divided interests. For the farmer suffering by a contract for rent, calculated upon much higher previous prices of grain, seeks to get relief from a payment to his labourers, out of the one-third nearly of the poor rates chargeable on dwelling houses, and manerial rights ; being

enabled by the operation of the present poor laws—not universally, but much too frequently, as the ratio of poor rates in different counties shew—so to put his hand into the landlord's pocket, and, unfortunately, not as a provision wholly for the labourer, but in a great measure to discharge the expenses of litigation and removals.

Were the landlords to take the provision for the poor upon themselves, getting higher rents, as they ought to do, by their influence upon their tenantry, or by clauses in their leases, they might prevent the farmers from driving the labourers to the poor laws to make up a part of their living, and restore a fairer competition for labour, and better wages; while those really necessitous, and in want, would be better provided for—they would raise a better spirit, and better feeling throughout the country; and in doing so, their interests would run parallel with their duty, as they always will do.

Then there are the tithes. A right reverend prelate is said to have stated in the House of Lords, that the provision for the

clergy did not exceed a yearly average income of two hundred pounds to each. Considering the expenses of their education—which, by the way, need not be so expensive, as that expense adds nothing to their piety and knowledge, but being so—that is not such a remuneration as the same education and talents would have obtained in other ranks of society; and unquestionably it is not an average income, sufficient to place gentlemen in a situation of life to command respect as the spiritual guides of the people,—their instructors in moral duties and good conduct.

I do not intend to question his Lordship's statement, for I have not the means of doing so; yet I am totally at a loss to reconcile it with the fact, if fact it be, as stated, that we consume yearly forty millions of quarters of grain. For at the average Gazette prices of the last ten years,

15 million quarters of wheat, at 58s. 5d. per	
quarter, give	£43,812,500
10 million quarters of barley, at 31s. 10d.	15,916,500
15 million quarters of oats, at 23s.	17,250,000
	<hr/>
The 50 millions would give a cost price of	£76,979,000
	<hr/> <hr/>

And a tithe of this is nearly eight millions yearly. But if it be said that the forty millions include rye, beans, and peas also, then the higher Gazette average price of these would make the tithe even more ; and there are still other great tithes, and all the small tithes, and church dues to be added also. There are, to be sure, the lands that are tithe free, against which may be set the lands of which the Church has not only the tithes, but the fee-simple likewise ; and there remain the tithes held by laymen.

Still the question of Church income remains an enigma, and I should seek the solution of it by beginning with the Bishops, the heads ; proposing, that as each dies off, the temporalities of the sees in the United Kingdom should be put into commission—that an act should pass declaring all leases granted by the Bishops should be determinable, and cease at their death, as they ought to do—that fresh leases should be granted by the commissioners at full, but fair rents—that out of the fund so raised, the Bishops should be paid a clear income of 5000*l.* or 6000*l.* a year, and the

archbishops 10,000*l.* a year, and that the surplus should be appropriated to buy up the Church property in the hands of laymen, at such a number of years' purchase as Parliament may fix, upon the average of the ten years' previous income.

There can be no question that there would be a large fund to buy up the property in the hands of laymen, in order to restore it to the clergy ; that so a wider door might be opened into the Church for the introduction of men of knowledge, piety, and moral worth, without interest—a reformation most devoutly to be wished by those who have a sincere desire for the increase of pure religion in the Church of England, which I profess to have, as a member of it from my earliest recollections. And, subsequently, a statement of the whole Church property may be taken, in order to give the clergy a more equal, and a greater average income than they are now said to get ; and, that, perhaps, and most likely, by a fair and just commutation, at one-twentieth part, instead of an assumed tenth, as now ; but collected in different ratios in different places,

most grievous in some, and without hardship in others.

After the Reformation, when the heads of the Church had still much political power and influence over the body of the people, it may have been wise and prudent in the government to secure their aid, as well as peaceable conduct, by large donations ; but, in these days, there is no necessity for such a compromise. For granting that their temporalities yielded, a hundred years ago, an income to the Bishops not more than sufficient to support their proper dignity ; yet there is to be considered, that the prices now of the *then* produce of the soil are increased in a ratio equal to their present necessary expenses of living ; and beyond that there is to be considered the present vastly extended cultivation, and greatly increased produce of the soil, from improvements in agriculture ; and that what was an ample income one hundred years ago, is much more than a suitable provision for them now. This, too, applies to others of the clergy besides the heads of the Church. People, even the lowest classes, now think more than they did a hun-

dred years ago ; they cannot shut their eyes to the estimate that a great part of the clergy themselves form of their duties, by paying a curate a small stipend to perform the whole, while they spend elsewhere the tithes drawn from the source that supplies the labourers' wages, the great bulk of the people, leaving many in want. Pluralities and non-residence cannot much longer be permitted. Were clergymen to reside with their flocks, faithfully discharging all their duties, there could be no objection to tithes by commutation, doing away with the evils of the present mode of collection ; and it is an object of good and right government, and for the well-being of society, that the clergy should be placed in a situation to command respect ; which it is the desire of most well regulated minds to see accomplished, and it is too the right and natural feeling of the poor to take pleasure in seeing it. But not so in the present state of the Church—see the petitions to Parliament. The present state of the Church cannot long be allowed to remain ; and, above all, it cannot be allowed that the property of the Church should go to enrich the families of

the Bishops, by fines levied on granting leases terminable long after they are dead ; and to be made too a source of profit to capitalists, who buy these leases, while a great body of the clergy are in a state little removed beyond indigence.

It may be alleged, that the bishops' temporalities are sacred and vested rights. They may, for aught I know, be vested in the Church, but not in the bishops ; and, after an ample provision for their lordships, there can be no just objection to give the surplus to the poorer clergy. That being done, whether the present amount of tithes be, or be not, more than that ample provision the clergy ought to get, is a question which should not be lightly entered into ; nor without clear and distinct documents, and details calculated to lead to a right and just conclusion on the subject : these I have not ; and I leave the question to others more able, merely throwing out some hints to those who have them, and are better acquainted with the subject. It was only necessary for me to state the effect of tithes on the wages of labour ; and my object has been,

throughout, chiefly to shew how far the present state of the Church laws are a serious hindrance to the cultivation of the soil, and to the increase of the riches and income of the nation ; and, consequently, an injury to the interests of the Church also.

I therefore turn with more satisfaction to a subject with which I fancy myself more at home ; and about which, from my habits of life, I may, perhaps, be considered more capable of giving an opinion.

On viewing the commercial history of the country for the last thirty or forty years, there appears to me no question, and I trust I shall impress others with the same belief, that the exclusive charter of the Bank of England has been a serious injury ; by its preventing the establishment of a general banking system suited to the wants of our extended commerce, internal and external ; and an injury also, from the influence the Bank's operations have had upon the greater part of that banking system, which the country was allowed to have, and upon the general credit of the nation at large.

The first principle of banking is, that it

should be an acknowledged safe medium, through which the surplus capital of one part of the community may, with as perfect safety to the lender as is possible, be advanced to another part for the purposes of general trade and agriculture. And in the formation of banks for this end, with such capitals as would place them beyond the risk of suspicion at any time, there are still many timid persons, and capitalists generally are so, who would not risk their whole property in joint-stock banks, such as we may have ; and yet would be most willing to lend their five, ten, or twenty thousand pounds, with their liabilities limited to their subscriptions by a charter. And there are still to be considered the feelings of many, who will not, without their liabilities being so limited, embark their money in any concern over which they cannot have the immediate and direct control—which all cannot have.

An enemy to all monopolies, from thinking that individual enterprise can, in parts, take up any trade, and successfully extend it with greater benefit to the parties, and to the nation at large, than a chartered body can do, yet I

must admit that banking business forms an exception to this rule ; for individuals, even of great wealth, cannot inspire such confidence as to enable them at all times, with safety to themselves, to uphold the credit of the nation, as it ought to be maintained in difficult times.

But a number of chartered companies would obviate the objections to a monopoly ; and I would therefore propose the establishment of one or more chartered banks in each county of England, according to its wants—discount, deposit, and loan banks upon “ cash accounts,” similar to those of the Scotch banks—with capitals capable of upholding the credit of the nation at all times, without those great and destructive fluctuations to which we have been subject for the last forty years—being uninfluenced by the operations of the Bank of England, from its, perhaps necessary, great operations with Government—and capable too of affording an excitement, and the means which have for some time been withheld from us, for increasing the agriculture and internal trade of the country, and for obtaining better

prices for all commodities—so as to place the yearly income of the country on a higher ratio, than now, compared with the fixed money charge to be paid out of it ; and so render our burdens easier to be borne, as they were from 1800 to 1809.

In aid of this, I would further propose, that so much of the law be abrogated, as compels trust monies to be vested in freehold property, or in the government annuities ; permitting trustees in England to invest trust funds in these banks, as do the Scotch in their banks ; at a less interest truly, but still with the certainty of the whole capital being received, when the period of its appropriation arrives, and which would confer a great blessing upon orphans and others. The late Mr. Henry Rivington, a most respectable authority, used to relate a case of peculiar hardship ; where a merchant, a client of his, had by his will vested in trustees 60,000*l.* for the benefit of three orphan daughters ; and that sum having been bought into the funds, when it came to be sold at the appointed time of division, they got little more than 13,000*l.* each. Such a law

might have been a wise and prudent measure during war, to enable the minister to obtain loans from capitalists on better terms ; and its effect must have been great, as the forty millions standing in the name of the accountant-general of Chancery, is only a part of the trust property in the government funds ; but its present operation, aided by the regular purchases of the commissioners for the national debt, has no other effect than to enhance the cost of the redemption of that debt, which has become so burdensome to us.

It is not a question now, of whether we should have high or low prices. Either would have been a matter of indifference to us, had we no debt to provide for. But having contracted a very large national debt with high prices, and therefore with a high amount in money of our yearly income, produced by the constant creation of fresh capital from the increasing issues of notes, is it the part of prudence or of wisdom, to add to our difficulties of meeting the interest of that debt, or of paying off any part of it, by using every means in our power to prevent the creation of capital ?

and even forcing its decrease, with a consequent decline in the price of commodities, and of the amount in money of our yearly income ? Can we with one or two good harvests, which with our present restricted system of banking must, necessarily, still further reduce the price of all commodities, and the amount of our yearly income ? can we I say, in our present Quixotic combat with a phantom of imagination, the mere ideal fear of a depreciation of the bank note, expect to keep our heads above water, and meet the interest of our national debt ? It will be impossible, and we shall act a wiser part by giving over the contest as soon as possible. I have fairly, and truly shewn, what the pound sterling is ; and the effect its representative, the one pound note, has had on the commerce, trade, and agriculture of the nation—a question which I am surprised has, for such a length of time, been so strangely misconceived ; and I cannot but think, that what I have stated must go far to persuade the public at large to a change of system.

If so, and we return to a paper currency again, as I think we ought and must, with the

institution of such banks as I have proposed, and giving them the power of issuing notes; then, by requiring them to furnish to Government quarterly statements of their proceedings—one of them to be yearly published in the Gazette for the satisfaction of the public, and for their own consequent greater stability, from the confidence it would beget in their operations—we might obtain more precise statistical views of our currency, a most desirable object for the better regulation of our trade, and which we cannot have with a metallic currency. But at any rate, the institution of such banks, for upholding the general credit of the country at all times, would be a vast national benefit, even if they were not permitted to issue one pound notes; and if we must keep our present metallic currency, if we can, we have at least the satisfaction of knowing the expense of doing so.

For it was stated in Parliament by his Grace the Duke of Wellington, that the amount of gold and silver in circulation during the period of the most extensive issues of the Bank of England and country notes, was eleven mil-

lions ; and that, after our return to a metallic currency, there were in circulation thirty-six millions of gold and silver, a difference of twenty-five millions ; and if Mr. Senior's statement be correct, that the average rate of profit in England is ten per cent., then that difference, unproductively laid out in a metallic currency, is equal to a yearly tax upon the nation of upwards of two millions and a half.

This is a part of that want of reproduction of which Mr. Huskisson complains in his printed speech, and for which he states he is at a loss to account, though it arises from his own favourite measure ; a tax equal to nearly seven per cent. on the declared amount of our exports of British produce and manufactures. If it be right and politic, that the larger contracts of the nation should be discharged in paper money—in bank notes above five pounds, bills of exchange, inland and foreign, and in bankers' cheques—there can be no just reason why the smaller dealings of the community should not be carried on with one pound bank notes, issuing from an acknowledged sound source, and engaging to pay one

pound sterling in gold; at least, none other that I know of, except the law on forgery. And after the declaration of the House of Commons upon the petition of the parties most interested in the subject, surely the dictum of a few Law Lords cannot be allowed to stand opposed to the Law of God, and an offence to men's consciences, as jurors.

Mr. Alexander Baring gave before the Lords' Committee of Secrecy, in 1819, his opinion on the relative advantages of a metallic and a paper currency, in the following words:—"The whole question between the old specie circulation and the present paper circulation, is one of security and steadiness, as contrasted with ease and facility. All those contractions of issues, which a wholesome state of currency requires, are certainly attended with some pressure; but it must not be supposed, that these act very suddenly and very harshly. At the same time, it cannot be denied that much greater ease and facility exists under the present system, against which must be set all the formidable evils resulting from unsteadiness and insecurity."

Being further asked :—" Does not the ease
" and facility, of which you speak, as resulting
" from a paper currency, not convertible into
" cash, consist solely in the advantage afforded
" to one class of the community, by a con-
" tinual and forced increase of the circulating
" medium at the expense of other classes, who
" are therefore subjected to the consequent
" depreciation of all fixed incomes and pre-
" viously stipulated payments; and at the
" same time, to an increase of price on all the
" necessaries and conveniences of life?"—Mr.
Baring stated, " The increased facility has
" sometimes been very apparent in the general
" transactions of commerce. Since the restric-
" tion, hardly a case of difficulty or distress
" has arisen, in which the Bank has not come
" boldly to the assistance of the sufferers; in-
" stead of being, as it would under the system
" of cash payments be, in want of assistance
" itself, in every period of difficulty. It is a
" very nice question to estimate whether the
" country has benefited or suffered most by
" this system, as far as it has gone. My opi-
" nion would rather incline, that benefit has

“ been derived during the gradual progress of
“ the increase of prices, arising from the in-
“ creased and unvaried abundance of money ;
“ but the benefit is already enjoyed, and more
“ to be found in the progression, than in the
“ actual state of things. The paper system
“ is, undoubtedly, particularly favourable to
“ one class of people, viz. to enterprising spe-
“ culators ; and may be said to be unfavourable
“ to persons of large capitals. But, at the same
“ time, it is impossible to deny, that much of
“ the aggregate wealth of the country has been
“ derived from that spirit of enterprise. The
“ value of all fixed incomes, and previously
“ stipulated payments, is undoubtedly impaired
“ by the paper system ; but here, it must be
“ recollected, that the great mass of these en-
“ gagements have been formed during the
“ system itself ; and, in many instances, it
“ may perhaps be doubted, whether, with a
“ view to strict justice, it may not be unfair to
“ increase the value of the money in which
“ these engagements were made. If the de-
“ preciation had gone much further than it

“ did, and had lasted longer, I should have
“ thought the ends of justice better answered
“ by legally sanctioning the depreciation, than
“ by returning to the old standard value.”

Now, if I am able, as I hope I may be, to convince Mr. Baring that the “ security and
“ steadiness” we now have with our metallic currency, and with our great debt, and present restricted system of banking, is that of unmitigated suffering and hardship amongst the greater bulk of our fellow-creatures in the united empire; and be able to convince him too, that “ all the nation suffered with a paper
“ currency,” and “ all the formidable evils of
“ unsteadiness and insecurity,” that accompanied it, resulted solely from the Bank of England’s exclusive charter, preventing our having had a banking system suitable to our wants, and capable of upholding the credit of the community at large at all times—and from its operations having had an influence on the banking system we were permitted to have, most powerful and most injurious to the interests of the public at large;—then I flatter

myself I shall have the sanction of his great authority for a change, and shall have the assistance of his great talents to advocate a return to that "ease and facility" which we enjoyed from 1800 to 1809—and that too from his thinking that, with the institution of a banking system suited to our wants, "the ends of strict justice would be better answered," by our returning to that state in which we were when we contracted the chief part of our debt, and so give us some hope of being able to redeem it.

In the first part of my subject I have explained, that in every country the labourer receives a proportion of what he produces, varying as to quantity in each, according to the relative productiveness of its soil from natural fertility, or from art and skill employed upon it; and after deduction made for the exigencies of its Church and Government. In the second part, I have as clearly and plainly shewn, that in England the price of the proportion of the produce that each labourer gets, or its equivalent, his money wages, is according to the greater or less

amount of capital employed, at the time, in holding the surplus stocks, compared with the supply. The same is the case in every other country, and hence from these two, quantity produced and capital employed in holding it, arise the difference in the wages of labour, in silver, in different countries at the same period of time—a plain and easy solution of the question, readily obtained, by setting aside all theories and preconceived opinions, and by following closely a train of observation of all the facts that present themselves to us.

It is strikingly the case in America ; where their higher money wages are not only the result of a larger proportion of the produce of the soil given to the labourer ; but the result also of the constant creation of increased capital, giving a higher value to such produce ; and, without which, that nation could not have so rapidly advanced in prosperity as it has done. For, in that country, no sooner is land cleared, and a value given to it, than banks are there placed, new ones, or branches of the old, to make their issues upon the security of the property so raised, in order to facilitate the

clearing and forming of more ; and not only so, but giving a value to the produce of these lands it would not otherwise have obtained. And such an obvious great advantage are we now most obstinately denying ourselves the benefit of.

In a change of system there would, doubtless, be a bright scene opened for old England. By the institution of banks, with capitals that placed them beyond the risk of any run upon them, one advantage of great importance would be attained—more steady prices for the produce of the soil, from a more uniform accommodation afforded to the agriculturalists—and not, as there has been, constantly increasing capital afforded them as prices were rising, carrying them too high ; and as constantly withdrawn when prices were falling, reducing them below their just level—then there would be not much variation in the prices, beyond the difference in the supply from different seasons, seldom very great ; and not, as there has been, variations of a hundred per cent. advance, and fifty per cent. fall, in the course of a few seasons—and, consequently, in my

views of the subject, less variation in the prices of all other commodities. Such banks would afford the means, and consequently the excitement, to an increase of the produce of the soil, the true riches of the nation; and would, in the advanced prices of all commodities, raise the income of the country to a higher ratio, compared with our fixed annual payment out of it, rendering our burdens easy to be borne; and not only so, but in getting rid of the annual tax upon us, of upwards, perhaps, of two millions, occasioned by the capital unproductively employed in holding a metallic currency, we might, with the increase of our income, be enabled to raise a property tax for the purpose of redeeming our debt; without which there can be no certainty of permanent relief. One would suppose, that if a landed proprietor's estate were burdened by a mortgage to the extent of one-third of its value, and one-third of the income it gives, there could be no great difficulty in persuading him that it was his duty, as well as his interest, to set apart a proportion of the two-thirds of his rental that he receives, for the purposes of

paying off his burdens. The national debt is just the same ; a proportion of the amount of the national property mortgaged, and the income it gives taken to pay the annuitants ; and surely it is clearly our duty to set apart as large a sum as we can for its redemption, which an advance in the price of all commodities, and consequently of the amount of the national income, would enable us to do to the extent of at least six millions yearly, by a property tax ; and that too with more ease and facility than we bear our burdens now under the present system.

There will, too, be a brighter scene for our external commerce, by a right adjustment of the Company's Charter, as the capital and skill of Englishmen are permitted, slowly and gradually, to lay open the riches of our colonies in India, for extended individual enterprise there.

And I look also for a treaty of commerce with France at no distant period, or some arrangement for mutual increasing trade, which would be of more benefit to that nation—inasmuch as the export of the produce of her soil,

and by so getting rid of the surplus, would increase the prices of the remainder, and the amount of her national income,—than can be to us the export of a like value in manufactures; yet unquestionably, with our present debt, that extension of our commerce would be a relief to us.

Two nations long estranged, and now drawn together in feeling and sentiment, by the like increasing freedom of their institutions, must continue still to draw their ties of unity closer with each other;—an union that would produce a powerful moral effect upon the rest of Europe, and tend to the security of that repose, so necessary to both countries, to enable them to husband their resources, and pay off the debts they have contracted.

APPENDIX,

Statement of the official and declared values of the Ex
to 1829, divided into four series of seven years each ;
succeeding years, as compared with the official and
at 1000 : and with the prices of Wheat added.

Year.	Official value.	Proportion.	Declared value.	Proportion.
	£.		£.	
1799	22,284,941	1000	35,903,850	1000
1800	22,831,936	1025	36,929,007	1029
1801	24,501,608	1099	39,730,659	1107
1802	25,195,893	1131	45,102,330	1256
1803	20,042,596	899	36,127,787	1006
1804	22,132,367	993	37,135,746	1034
1805	22,907,371	1028	37,234,396	1037
1806	25,266,546	1000	39,746,581	1000
1807	22,963,772	909	36,394,443	916
1808	24,179,854	957	36,306,385	914
1809	32,916,858	1303	46,049,777	1159
1810	33,299,408	1318	47,000,926	1183
1811	21,723,532	850	30,850,618	776
1812	28,447,912	1126	39,334,526	990
*				
1816	34,774,521	1000	40,328,940	1000
1817	39,235,467	1128	40,349,235	1001
1818	41,960,555	1207	45,180,250	1120
1819	32,983,689	949	34,252,251	849
1820	37,820,293	1088	35,569,077	882
1821	40,194,681	1156	35,823,127	868
1822	43,558,488	1252	36,176,897	897
1823	43,146,039	1000	34,589,410	1000
1824	48,029,952	1113	37,600,021	1087
1825	46,453,022	1076	38,077,330	1101
1826	40,332,854	935	30,847,528	892
1827	51,279,102	1188	36,394,817	1052
1828	52,019,728	1203	36,150,379	1042
1829	55,465,723	1286	35,212,873	1018

* The records of 1813 were burnt in the custom-house. 1814 and 1815
sion resulting therefrom, do not afford the means of accurate compa

No. II.

**ports of British Produce and Manufactures, from 1799
and shewing the proportionate increase or decrease in
declared values of the first year of each series, taken**

Prices of Wheat, 1st January, and 1st July.						Average of the two prices, per qr.	
	<i>s.</i>	<i>d.</i>		<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
1798, July 1,	50	4	and	1799, Jan. 1,	49	2	49 9
1799, July 1,	64	4	and	1800, Jan. 1,	92	7	78 6
1800, July 1,	134	5	and	1801, Jan. 1,	139	0	136 9
1801, July 1,	129	8	and	1802, Jan. 1,	75	6	102 7
1802, July 1,	67	5	and	1803, Jan. 1,	57	1	62 3
1803, July 1,	60	4	and	1804, Jan. 1,	52	3	56 4
1804, July 1,	52	1	and	1805, Jan. 1,	86	2	69 1
1805, July 1,	89	0	and	1806, Jan. 1,	75	11	82 6
1806, July 1,	81	10	and	1807, Jan. 1,	76	9	79 4
1807, July 1,	73	5	and	1808, Jan. 1,	69	5	72 5
1808, July 1,	81	1	and	1809, Jan. 1,	90	4	85 9
1809, July 1,	88	1	and	1810, Jan. 1,	102	6	95 4
1810, July 1,	113	5	and	1811, Jan. 1,	94	7	104 0
1811, July 1,	86	11	and	1812, Jan. 1,	106	7	96 9
1815, July 1,	67	10	and	1816, Jan. 1,	53	7	60 9
1816, July 1,	73	8	and	1817, Jan. 1,	104	10	89 3
1817, July 1,	109	1	and	1818, Jan. 1,	85	4	97 3
1818, July 1,	84	5	and	1819, Jan. 1,	78	10	81 7

were years of war and peace, and from the alternate excitement and depression.

APPENDIX, No. III.

Statement of the Exports of British Produce and Manufactures from 1816 to 1829, inclusive ; shewing the official and declared value of Cotton Goods and Twist, apart from the official and declared values of other British Produce and Manufactures exported ; and the Exports of 1816, being taken at 1000 ; shewing the proportionate increase or decrease, in the Exports of subsequent years, as compared with those of 1816.

COTTON GOODS AND TWIST.					OTHER BRITISH PRODUCE AND MANUFACTURES.				
Year.	Official value.	Proportion.	Declared value.	Proportion.	Year.	Official value.	Proportion.	Declared value.	Proportion.
	£. —		£.			£.		£.	
1816	17,564,461	1000	15,577,392	1000	1816	17,210,060	1000	24,751,548	1000
1817	21,259,225	1214	16,012,001	1028	1817	17,976,242	1045	24,337,234	983
1818	22,589,130	1286	18,767,517	1205	1818	19,371,425	1126	26,412,733	1067
1819	18,282,292	1041	14,699,912	944	1819	14,701,397	854	19,552,339	790
1820	22,532,079	1283	16,516,758	1090	1820	15,288,214	888	19,052,319	770
1821	23,541,615	1343	16,094,807	1033	1821	16,653,066	968	19,728,320	797
1822	26,911,043	1532	17,218,801	1105	1822	16,647,405	967	18,958,096	766
1823	26,544,770	1511	16,276,843	1045	1823	16,601,269	965	18,312,567	740
1824	30,155,901	1717	18,376,515	1180	1824	17,874,051	1039	19,223,506	777
1825	29,495,281	1679	18,253,631	1172	1825	16,957,741	985	19,823,699	801
1826	25,194,270	1434	14,013,675	900	1826	15,138,584	880	16,833,853	690
1827	33,182,898	1889	17,502,394	1124	1827	18,096,204	1051	18,892,423	763
1828	33,467,417	1905	17,140,114	1103	1828	18,552,311	1078	19,010,265	768
1829	37,269,395	2122	17,394,584	1117	1829	18,196,328	1057	17,818,289	720

APPENDIX No. IV.

Statement of the deliveries of various goods out of the several ports of London, Liverpool, Glasgow, and Bristol, in each of three separate years, and the aggregate stocks remaining in these ports on the 31st December of each year, together with the prices at that period; as extracted from the yearly circulars of Messrs. Yates and Co. of Liverpool, and of Messrs. Trueman and Cook, of London, brokers.

Year.	Delivered in the year.	Stocks on 31st. Dec.	COFFEE.		
			Liverpool prices. Of Jamaica.	Of St. Domingo.	Of Brazil.
	Tons.	Tons.	Ordinary to fine.		
1820	22,490	5,440	Per cwt. 116s. to 140s.	113s. to 117s.	105s. to 115s.
1824	20,405	9,680	..... 52s. to 100s.	55s. to 57s.	52s. to 58s.
1829	18,745	14,190	..... 33s. to 78s.	28s. to 34s.	26s. to 36s.
	Hhds. and Tierces.	Hhds. and Tierces.	BRITISH PLANTATION SUGAR.		
			Liverpool prices.		
			Of Muscovado, dry brown to very fine.		
1820	279,050	71,550	Per cwt. 56s. to 85s.		
1824	261,300	65,200	..... 52s. to 72s.		
1829	258,250	75,450	..... 46s. to 71s.		
	Bags.	Bags.	EAST INDIA SUGAR.		
			Liverpool prices.		
			Of Bengal.	Of Mauritius.	
1820	150,640	96,000	Per cwt. 23s. to 46s.	21s. to 32s.	
1824	194,000	53,000	..... 22s. to 38s.		
1829	340,300	72,000	..... to 36s.	18s. to 31s.	
	Pun- cheons.	Pun- cheons.	RUM.		
			Liverpool prices.		
			Of Jamaica.	Of Leeward Islands.	
1820	57,960	32,900	Per gallon 2s. to 3s. 9d.	1s. 8d. to 3s.	
1824	45,000	39,500	..... 1s. 5d. to 2s. 8d.	1s. 4d. to 2s. 3d.	
1829	50,850	42,600	..... 2s. to 3s. 8d.	1s. 7d. to 3s.	
	Bales.	Bales.	COTTON WOOL.		
			Liverpool prices.		
			Of Boweds.	Of Pernams.	Of Surats.
1820	515,150	407,500	Per lb. 5½d. to 10¾d.	11¾d. to 13d.	7½d. to 9d.
1824	687,730	235,500	..... 8¾d. to 10½d.	11½d. to 13d.	6d. to 7¾.
1829	862,300	289,490	..... 5½d. to 6½d.	7½d. to 7¾d.	3¾d. to 5½d.
	Barrels.	Barrels.	ASHES.		
			Liverpool prices.		
			Of Montreal pot.	Of Montreal pearl.	
1820	28,060	21,540	Per cwt. 33s. to 34s.	38s. to 39s.	
1824	53,350	37,400	..... 34s. 6d. to 35s.	37s. 6d. to 38s.	
1829	38,020	14,900	..... 38s. 6d. to 39s.	43s. 6d. to 44s.	
	Hides.	Hides.	OX AND COW HIDES.		
			Liverpool Prices.		
			Of dry Buenos Ayres.	Of salted Buenos Ayres.	
1820	365,300	56,300	Per lb. 8d. to 10½d.	4¾d. to 5½d.	
1824	1,145,800	210,500	..... 8½d. to 11d.	6d. to 6½d.	
1829	750,900	107,700	..... 7½d. to 10d.	5d. to 5½d.	
	Tons.	Tons.	DYE WOODS.		
			Liverpool prices.		
			Of Logwood.	Of Fustic.	Of Nicaragua wood.
			Per ton.		
1820	15,700	16,730	6l. 10s. to 7l. 10s.	6l. 10s. to 9l. 10s.	14l. to 28l.
1824	24,080	14,260	7l. 5s. to 9l.	7l. to 12l.	14l. to 24l.
1829	22,950	10,470	6l. 5s. to 8l.	4l. 5s. to 9l.	5l. to 13l. 10s.

APPENDIX

Statement of the Export
from 1816 to 1829, in
value of Cotton Goods
declared values of or
exported; and the Pro-
portion of subsequent years, &c.

Year.	COTTON GOODS AND		
	Official value.	Pro- por- tion.	Dec val.
	£.		
1816	17,564,461	1000	15,5
1817	21,259,225	1214	16,4
1818	22,589,130	1286	18,
1819	18,282,292	1041	14
1820	22,532,079	1283	16
1821	23,541,615	1343	16
1822	26,911,043	1532	17
1823	26,544,770	1511	17
1824	30,155,901	1717	17
1825	29,495,281	1679	17
1826	25,194,270	1434	14
1827	33,182,898	1889	18
1828	33,467,417	1905	19
1829	37,269,395	2122	21

LONDON :
GILBERT & RIVINGTON, PRINTERS,
ST. JOHN'S-SQUARE.

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GILBERT & RIVINGTON, PRINTERS,
ST. JOHN'S-SQUARE.

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